Chuan Holdings Limited
川控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1420

Annual Report
2021

* For identification purposes only

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lim Kui Teng
Mr. Quek Sze Whye
Mr. Bijay Joseph
Mr. Lau Yan Hong

Non-executive Director

Mr. Phang Yew Kiat *(Chairman)*

Independent Non-executive Directors

Mr. Chan Po Siu
Mr. Wee Hian Eng Cyrus
Mr. Xu Fenglei

AUDIT COMMITTEE

Mr. Chan Po Siu *(Chairman)*
Mr. Wee Hian Eng Cyrus
Mr. Xu Fenglei

NOMINATION COMMITTEE

Mr. Phang Yew Kiat *(Chairman)*
(appointed on 19 April 2021)
Mr. Lim Kui Teng *(Chairman)*
(resigned on 19 April 2021)
Mr. Chan Po Siu
Mr. Xu Fenglei

REMUNERATION COMMITTEE

Mr. Xu Fenglei *(Chairman)*
Mr. Chan Po Siu
Mr. Lim Kui Teng

COMPANY SECRETARY

Mr. Ho Kai Tak (appointed on 1 May 2021)
Ms. Ngan Chui Wan (resigned on 1 May 2021)

AUTHORISED REPRESENTATIVES

Mr. Lim Kui Teng
Mr. Ho Kai Tak

AUDITOR

Ernst & Young LLP
Certified Public Accountant
One Raffles Quay, North Tower,
Level 18, Singapore 048583

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2102-03, 21/F, 299QRC
287-299 Queen's Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

20 Senoko Drive
Singapore 758207

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Maybank Singapore Limited
DBS Bank Ltd (Singapore)
The Hongkong and Shanghai Banking Corporation Limited

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 1420

COMPANY WEBSITE

www.chuanholdings.com

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of Chuan Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**" or "**we**") for the current five financial years are set out below:

Highlights of Consolidated Statements of Comprehensive Income

	Year ended 31 December				
	2021	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**85,416**	72,401	77,658	93,476	87,281
Gross profit/(loss)	**4,337**	(4,074)	5,949	8,733	11,160
Profit/(loss) before income tax	**1,847**	(8,959)	1,246	3,901	5,727
Profit/(loss) for the year	**1,500**	(8,369)	998	3,055	5,557
Total comprehensive gain/(loss) for the year attributable to owners of the Company	**1,456**	(8,694)	686	3,420	2,975
Earnings/(loss) per share					
– basic (S cents)(1)	**0.14**	(0.81)	0.10	0.29	0.54
– diluted (S cents)(1)	**0.13**	(0.81)	0.10	0.29	0.54

Highlights of Consolidated Statements of Financial Position

	As at 31 December				
	2021	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Assets					
Non-current assets	**33,299**	25,321	33,667	31,886	25,388
Current assets	**78,541**	96,788	97,672	92,271	97,137
Total assets	**111,840**	122,109	131,339	124,157	122,525
Liabilities					
Non-current liabilities	**5,732**	10,259	8,024	5,657	7,330
Current liabilities	**19,601**	27,034	29,972	25,843	25,171
Total liabilities	**25,333**	37,293	37,996	31,500	32,501
Total equity	**86,507**	84,816	93,343	92,657	90,024
Net assets per share (S cents)(2)	**8.35**	8.18	9.01	8.94	8.68

Key Financial Ratios

	As at 31 December				
	2021	2020	2019	2018	2017
Current ratio (times)	**4.0**	3.6	3.3	3.6	3.9
Gearing ratio (times)	**0.1**	0.2	0.2	0.2	0.1
Gross profit/(loss) margin (%)	**5.1%**	(5.6%)	7.7%	9.3%	12.8%
Profit/(loss) for the year margin (%)	**1.8%**	(11.6%)	1.3%	3.3%	6.4%
Return/(loss) on equity (%)	**1.4%**	(9.9%)	1.1%	3.3%	6.2%

Notes:

(1) The calculation of basic earnings per share is based on the profit attributable to owners of the Company and on the weighted average number of ordinary shares in issue. For the financial year ended 31 December 2017, the weighted average number of ordinary shares was 1,037,282,619. The weighted average number of ordinary shares for the financial years ended 31 December 2018 to 2021 was 1,036,456,000. The weighted average number of ordinary shares adjusted for the effects of dilution from the Group's share options is 1,126,044,000.

(2) Net assets per share is calculated by dividing net assets by the number of ordinary shares in issue as at the respective year ends. As at 31 December 2017, the number of ordinary shares in issue was 1,037,500,000 ordinary shares. As at 31 December 2018, 2019, 2020 and 2021, the number of ordinary shares in issue was 1,036,456,000 ordinary shares since 1,044,000 repurchased shares were cancelled by the Company on 8 January 2018.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**"), I am delighted to present the annual report of the Group for the year ended 31 December 2021 (the "**Year**" or the "**Reporting Year**" or "**2021**") with remarkable turnaround annual results.

In 2021, the global economy experienced an encouraging rebound, with trade, industrial output and consumer confidence picking up as the Coronavirus Disease 2019 ("**COVID-19**" or the "**pandemic**") was stabilised, thanks to growing vaccination rates and better infection control measures. The ongoing recovery, however, was dampened somewhat in the fourth quarter amid the emergence of new variants of the COVID-19 virus, with soaring case numbers clouding the outlook for economic growth.

Singapore's construction industry environment was challenging yet encouraging, with the country's economy and construction sector on a recovery trajectory. The economy grew by a higher-than-expected 7.6% last year, according to the Ministry of Trade and Industry ("**MTI**"). The construction sector staged an even stronger rebound, growing over 20% in 2021, a sharp reversal of the 38.4% contraction during the previous year. Persistent labour shortage issues were largely resolved as better control of the pandemic prompted the government to ease border restrictions, allowing foreign workers to join the labour force once more.

BUSINESS RESILIENCE

Driven by a revival of construction activity, the Group managed to ramp up its commercial momentum by accelerating work on projects that had been delayed due to the pandemic. Coupled with the management's efforts to boost productivity, the Group successfully completed several developments during the Year. Our unwavering dedications by the entire team helped deliver quality work, enabling us to turn our business around in 2021 despite the challenging operating environment. During the Year, the Group's revenue jumped 18% from the previous year, due mainly to the resumption of construction activity in Singapore and our solid progress when it came to completing projects on hand. Thanks to this improvement in revenue and assistance in the form of government subsidies, profit attributable to owners of the Company reached S$1.5 million.

Another encouraging development was the Group's upgrade to the status of A2-grade contractor for civil engineering and general building in the Building and Construction Authority ("**BCA**") Contractors Registry System in July 2021. The upgrade enabled the Group to tender for public sector construction projects with individual contract values of up to S$95 million, a significant increase from S$45 million previously. The award of A2-grade status was testimony to the Group's outstanding capabilities, paving the way for it to win more high-value contracts going forward. Leveraging our business resilience and solid track record, we managed to secure 44 new projects with a combined contract value of approximately S$115.5 million, including major earthworks projects and contracts related to the North-South Corridor and the Jurong Region Line Transport Hub, in addition to three Mass Rapid Transit ("**MRT**") Cross Island Line projects.

To augment its income and diversify operating risk, the Group tapped the property market by investing in property redevelopment projects, collaborating with leading listed companies to invest in landmark projects in Singapore's central business district in May 2021. These redevelopment projects have already generated interest income, and the Group will continue to seize similar opportunities in the industrial and commercial property markets to boost its income.

To navigate the challenging market environment, the Group took an active approach to comprehensively evaluating and adjusting its business and operational strategy. While maintaining flexibility, the Group positioned itself to take advantage of fresh opportunities, strategically shifting its focus to public infrastructure tenders with higher contract values and margins. We also sought to explore further cooperation and partnership arrangements with leading companies for property redevelopment projects.

READY FOR THE REBOUND

The global economy began 2022 in a weaker position than it had been expected, with growth forecast to slow to 4.1% in 2022 amid ongoing clusters of COVID-19, diminished policy support, persistent supply bottlenecks and geopolitical issues.

Despite the headwinds and economic uncertainties, construction demand in Singapore is expected to return almost to pre-COVID-19 levels in 2022. The construction industry is projected to continue to expand in 2022. Government programmes promoting the development of affordable housing, transport and renewable energy infrastructure are expected to continue to underpin industry expansion in the coming years. The Group is well placed to grasp upcoming market opportunities and proactively targets suitable projects in order to sustain and enhance its competitiveness.

As part of the Group's steadfast determination to better control costs and enhance operational efficiency, it will continue to replenish its inventory of equipment by investing in advanced and environmentally friendly machinery and other assets as part of its commitment to sustainable development. The Group is committed to making extra efforts to implement the concept of sustainable development while maintaining stable business operations and constantly striving for a harmonious development of our business with our environment. This will not only accelerate its work and boost productivity and efficiency, but will also help Singapore's construction industry to evolve to deliver a more sustainable built environment. Despite a recent surge in the price of diesel amid current geopolitical tensions, the Group believes the impact on its business will be minimal, although it will remain vigilant when it comes to price movements.

Amid high uptake of COVID-19 vaccines, an aggressive testing and tracking regimen, and strict pandemic control measures, Singapore has embarked upon a "new normal" strategy of "living with COVID-19", marking the country's transition to becoming a COVID-resilient nation. We believe the government's further easing of pandemic restrictions will pave the way for a revival of business activity, and we have adapted to new work practices in line with its strategy. As the construction sector has seen an accumulation of demand during the past few years, we expect the industry to enjoy a brighter outlook in the near future. The Group is well positioned to thrive in this new environment.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our clients, management team and all our employees for their hard work and dedication, and to our shareholders (the "**Shareholders**"), business associates and other professional stakeholders for contributing to the business turnaround for the Group in 2021. Despite ongoing COVID-19 outbreaks and the potential for mutations of the virus, we are confident of our ability to ride out the turbulence and emerge from it stronger, achieving sustainable profitability and delivering long-term Shareholder value amid an overall bright and positive outlook for Singapore's construction industry.

Chuan Holdings Limited
Phang Yew Kiat
Chairman and Non-executive Director
31 March 2022

The Board is pleased to present the annual results of the Group for the year ended 31 December 2021, together with its comparative figures for the previous year ended 31 December 2020.

INDUSTRY 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

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 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.

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 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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-19 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 MRT 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 the Shareholders.

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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 S$'000	Amount utilised up to 31 December 2020 S$'000	Amount utilised during the year ended 31 December 2021 S$'000	Amount utilised up to 31 December 2021 S$'000	Unutilised balance up to 31 December 2021 S$'000	Expected timeline of full utilisation of the remaining unutilised amount *(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).

MANAGEMENT DISCUSSION AND ANALYSIS

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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 are set out in the section headed "Related Party Transactions and Connected Transactions" in the "Report of the Directors" on pages 64 to 72 of this annual report.

Off-balance Sheet Transactions

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

Quantitative and Qualitative Disclosure about Material 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 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 are disclosed in the "Report of the Directors" on pages 58 to 60 of this annual report and Note 32 to the audited consolidated financial statements (the "**Consolidated Financial Statements**") of the Group for the financial year ended 31 December 2021.

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 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lim Kui Teng, aged 52, founder of the Group, was appointed as a Director on 25 August 2015 and re-designated as an executive Director and the chairman of the Board (the "**Chairman of the Board**") on 5 October 2015. Mr. Lim relinquished his role as the Chairman of the Board on 16 October 2020 and retired as the chairman of the nomination committee (the "**Nomination Committee**") of the Board on 19 April 2021, but he has continued to act as an executive Director, a member of the remuneration committee (the "**Remuneration Committee**") of the Board and the chief executive officer (the "**CEO**") of the Company. Mr. Lim founded Chuan Lim in January 1996 and has been a director of the same since then. Mr. Lim is responsible for the Group's overall management, strategic planning and business development. Mr. Lim is also the sole director of Longlands and a director of CLC Machinery Pte. Ltd. ("**CLC Machinery**"), a company incorporated in Singapore with limited liability which is a wholly-owned subsidiary of the Company.

Mr. Lim has over 25 years of experience in provision of earthworks in the construction industry in Singapore. He started his career as a trainee operator and site supervisor at Cheng Yap Construction Pte Ltd in January 1985, and was promoted to a formal operator and site supervisor in January 1988. During the course of his work, he had managed various projects including earthworks for Central Expressway (CTE) tunnel and the apron for the aircraft at Changi Airport Terminal 2. Mr. Lim left Cheng Yap Construction Pte Ltd in May 1992. Prior to establishing the Group in January 1996, Mr. Lim established Chuan Lim Construction & Engineering as the sole proprietor in June 1992, which was engaged in the business of building construction and rental of machinery and equipment.

Mr. Lim is the sole director and the sole shareholder of Brewster Global Holdings Limited ("**Brewster Global**"), a company incorporated in the BVI with limited liability, which has an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**").

Mr. Quek Sze Whye, aged 66, was appointed as a Director on 25 August 2015 and has been re-designated as an executive Director with effect from 5 October 2015. Mr. Quek joined the Group in April 2009 and is currently responsible for overseeing the tendering, contracts administration and purchasing departments, and providing guidance and management experience in project management and contract negotiations. He has been a director of Chuan Lim since January 2014. Mr. Quek is also a director of CLC Machinery. Mr. Quek has more than 25 years of experience in project management and contract negotiations in the earthwork industry. Prior to joining the Group, Mr. Quek held several senior professional positions as quantity surveyor, acting assistant contracts manager, contract manager and contract director in various construction companies. He has extensive professional experience in the construction business. Mr. Quek obtained a Diploma in Construction from Singapore Institute of Building in July 1986. He has been a member of the Chartered Institute of Building since September 1995 and a professional member of the Royal Institution of Chartered Surveyors since October 2002.

Mr. Bijay Joseph, aged 53, was appointed as a Director on 25 August 2015 and has been re-designated as an executive Director with effect from 5 October 2015. Mr. Joseph joined the Group in September 2000 and is currently responsible for planning, organising and managing the overall construction development projects. He has been a director of Chuan Lim since October 2007. Mr. Joseph has over 29 years of working experience in the construction industry. Prior to joining the Group, Mr. Joseph worked at Econ Piling Pte Ltd as a project engineer from August 1995 to August 2000. Mr. Joseph graduated from the Bangalore University, India with a Bachelor of Engineering Degree in Civil Engineering in June 1993. He also obtained a Master of Science (Project Management) Degree from the National University of Singapore in January 2006 and a Master of Business Administration (MBA) from Nanyang Technological University, Singapore in 2016. Mr. Joseph has achieved accreditations in being a Chartered Engineer of the Institution of Engineers Singapore and a Professional Project Manager of the Society of Project Managers, Singapore.

Mr. Lau Yan Hong, aged 56, was appointed as a Director on 25 August 2015 and has been re-designated as an executive Director with effect from 5 October 2015. Mr. Lau joined the Group in January 2000 and is currently responsible for overseeing the project team and managing, executing and coordinating the A&A projects. He has been a director of Chuan Lim since February 2003. Mr. Lau is also the sole director of Advance Data Global Limited, a company incorporated in the BVI with limited liability which is a wholly-owned subsidiary of the Company. Mr. Lau has over 19 years of working experience in the construction industry. Prior to joining the Group, Mr. Lau has approximately 10 years of working experience in quality control and assurance in the retail industry. He obtained a Certificate in Building Construction Safety Supervisors from the BCA in November 2000 and is currently a Registered Personnel in Structural Works under CoreTrade scheme of the BCA.

NON-EXECUTIVE DIRECTOR

Mr. Phang Yew Kiat, aged 53, joined the Company as an independent non-executive Director on 10 May 2016 and has been re-designated as a non-executive Director and appointed as the Chairman of the Board with effect from 16 October 2020. Mr. Phang has also been appointed as the chairman of the Nomination Committee with effect from 19 April 2021. Mr. Phang has over 20 years of experience in banking and managerial roles. He began his career with Standard Chartered Bank ("**SCB**") in 1994 and over his 20 years career in banking and managerial roles, he held various management roles across SCB's corporate and consumer banking businesses, and was appointed as the chief financial officer and the general manager for small medium enterprises in Indonesia, Singapore and Malaysia. In 2005, Mr. Phang was seconded to China to build a brand-new national joint-stock bank, in Tianjin China Bohai Bank, and he served as an executive director and the deputy chief executive officer with full responsibilities for the consumer banking business. From July 2014 to April 2020, Mr. Phang was an executive director, the vice chairman and the chief executive officer of Chong Sing Holdings FinTech Group Limited. Since July 2016, Mr. Phang has been a co-founder, the chairman and a non-executive director of Acore Capital Investments, a Monetary Authority of Singapore Capital Market Services licensed company. Mr. Phang graduated from the Faculty of Technology of the University of Manchester in July 1993 with a Bachelor's Degree in Engineering in Microelectronic Systems Engineering. He also received a Master's Degree in Business and Administration in International Business from the University of Bristol in June 1995. Mr. Phang is a member to United Nation – Economic and Social Commission for Asia and the Pacific (ESCAP) Business Advisory Council.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Po Siu, aged 48, has been appointed as an independent non-executive Director, the chairman of the Audit Committee (the "**Audit Committee**") of the Board as well as a member of each of the Nomination Committee and the Remuneration Committee with effect from 16 June 2020. Mr. Chan has over 25 years of experience in business consulting and investment in China and the Asia Pacific Region. Mr. Chan started his career in Australia working for various professional services firms and financial institutions including PricewaterhouseCoopers, Ernst & Young, Arthur Andersen and ANZ Bank from 1996 to 2008. Mr. Chan then took up an advisory role in PricewaterhouseCoopers in Hong Kong and China from 2008 to 2013. Mr. Chan has been the chairman of Mercurius Consulting Group Limited and Mercurius Consulting (Hong Kong) Group Limited since November 2013. He was also a director of Afanti Asset Management Limited from May 2014 to July 2016. Mr. Chan was an executive director of Triple Energy Limited (ASX:TNP) ("**Triple Energy**"), shares of which are listed on the Australian Securities Exchange, from April 2015 to February 2017 and has been re-appointed as an executive director of Triple Energy since 27 January 2021. Mr. Chan obtained a Bachelor's Degree in Commerce from the University of Sydney in May 1996 and a Master of Commerce Degree specialising in Finance from the University of New South Wales in April 1998. Mr. Chan has been a Fellow Chartered Accountant of the Institute of Chartered Accountants in Australia since August 2012.

Mr. Wee Hian Eng Cyrus, aged 55, has been appointed as an independent non-executive Director and a member of the Audit Committee with effect from 17 December 2019. Mr. Wee has over 21 years of management experience and over 15 years of real estate industry experience covering a broad spectrum across sales & marketing, project development and investment. Mr. Wee started his real estate career in 2001 with Isshin Realty as a general manager. He proceeded to join Surbana International Consultants Pte. Ltd. ("**Surbana**") in 2007 as the vice president, where he was responsible for spearheading the opening up of Surbana's consultancy business in Singapore. Mr. Wee was then promoted to the senior vice president, CEO's Office and the deputy managing director, Singapore in 2011 and 2014 respectively. For the period between 31 December 2018 and 8 April 2021, Mr. Wee was an executive director and the deputy chief executive officer of ZACD Group Ltd. (Stock Code: 8313), shares of which are listed on the GEM of the Stock Exchange. Mr. Wee obtained a Bachelor's Degree in Engineering (Electrical) from the National University of Singapore in June 1992.

Mr. Xu Fenglei, aged 44, has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee as well as a member of each of the Audit Committee and the Nomination Committee with effect from 16 October 2020. He has over 18 years of experience in telecom, mobile internet and information technology field. From 2004 to 2006, Mr. Xu was a solution manager of ZTE Corporation (Stock Code: 763), shares of which are listed on the Main Board of the Stock Exchange. He became the head of Technical and Commercial Department and the vice president of Sales Department of ZTE Singapore Pte. Ltd., a then subsidiary of ZTE Corporation, in 2006 and 2008 respectively. He was the managing director of ZTE Singapore Pte. Ltd. from 2011 to 2017. Mr. Xu is currently the chief executive officer and a partner of Sunway International Pte. Ltd., which he has joined since 2017. Mr. Xu obtained a Bachelor's Degree in Communication Engineering from the Hebei University of Science and Technology in June 2001, a Master's Degree in Software Engineering from the Beijing University of Technology in January 2008 and a Master's Degree in Management from the National University of Ireland, Dublin in September 2012.

SENIOR MANAGEMENT

Ms. Ong Sok Hun, aged 49, joined the Group in October 2005 and is currently the chief financial officer of the Company. Ms. Ong is responsible for financial, accounting, taxation, secretarial affairs, treasury and banking matters of the Group. Ms. Ong has over 16 years of experience in the accounting and finance aspects of the construction industry. Ms. Ong graduated from Oxford Brookes University with a Bachelor of Science (Honours) Degree in Applied Accounting in 2003. She was admitted as a Fellow of the Association of Chartered Certified Accountants in October 2008.

Mr. Hong Kyung Seon, aged 58, joined Chuan Lim in August 2018 and is currently an executive director of Chuan Lim. Mr. Hong is mainly responsible for execution of the project tender, A&A works construction and reclamation earth work. Mr. Hong has over 32 years of experience in civil business promotion and tender of the construction industry. He was the vice president of Daelim Industrial Co. at its head office in Seoul and its Singapore branch respectively, where he was entrusted with responsibilities for civil business promotion and tender for South East Asia region and was in charge of tender for projects for the Land Transport Authority of Singapore and marine project for JTC Corporation and the Maritime and Port Authority of Singapore. Mr. Hong graduated from Seoul National University, South Korea with a Bachelor's Degree in Civil Engineering in 1986. Mr. Hong held several senior professional positions such as project manager, project cost and contract manager in various international renowned projects.

Mr. Lee Yunsang, aged 42, joined Chuan Lim in October 2018 and is currently a senior contracts manager of Chuan Lim. Mr. Lee is responsible for participating in tender projects such as road and earthwork, setting up the cost budget control programme for the projects or contracts for the purpose of improving the forecast procedure for each project and drafting the project operation plan. Mr. Lee has over 17 years of professional experience in the construction industry. Prior to joining the Group, Mr. Lee held several senior professional positions as construction engineer, planning engineer, design manager for tender, project manager and tender contract manager in various construction companies. Mr. Lee graduated from Yonsei University, South Korea with a Bachelor's Degree in Civil Engineering in 2005. Mr. Lee has also obtained Certificates of Design for Safety Professional and Construction Safety Course for Project Manager.

CORPORATE GOVERNANCE REPORT

In the belief that good corporate governance practices are important to protect the Shareholders' interests and to promote investor confidence, the Company is committed to achieving high standards of corporate governance and maintaining the management practices in a transparent and responsible way. The Board monitors and reviews the Company's corporate governance practices from time to time in light of the regulatory requirements and the needs of the Company to underpin the engrained value of integrity and accountability.

CORPORATE GOVERNANCE PRACTICE

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.

The Board is aware that the Company is expected to comply with the CG Code. Any deviation from the CG Code should be carefully considered and disclosed in the interim and annual reports of the Company. The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance.

BOARD OF DIRECTORS

The Group is led and controlled by the Board, which is collectively responsible for promoting the success of the Group. The Board oversees the management, businesses, strategic development and financial performance of the Group and takes decisions objectively with the aim to protect and maximize the interests of the Group and the Shareholders.

The Board, with the assistance of the Audit Committee, also undertakes the corporate governance functions as required under the CG Code:

– to develop and review the Company's policies and practices on corporate governance;

– to review and monitor the training and continuous professional development of Directors and the senior management (the "**Senior Management**") of the Group;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual, if any, applicable to the employees of the Group and the Directors; and

– to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company.

Day-to-day businesses of the Group are delegated to the management team of the Group which works under the leadership and supervision of the CEO and the executive Directors, as discussed in the section headed "Management Functions" below.

Board Composition

As at 31 December 2021, the Board consisted of eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. The composition of the Board and the biographical details of the Directors as at the date of this annual report are set out on page 2 and pages 26 to 28 of this annual report respectively.

An updated list of the Directors identifying their roles and functions and the identity of the independent non-executive Directors is maintained on the website of the Stock Exchange and the website of the Company. The independent non-executive Directors are identified in all corporate communications containing the names of the Directors.

The Directors are unrelated to each other in every aspect including financial, business, family or other material/relevant relationship(s).

The current Board consists of a diverse mix of the Directors in terms of cultural and educational background, industry experience, professional knowledge and skills. The Board composition is reviewed annually to ensure that it has a balance of skills, experience and diversity of perspectives appropriate for the requirements of the businesses of the Group.

Board Independence

A balanced composition of the executive Directors and the non-executive Directors (including the independent non-executive Directors) is maintained to ensure a strong independent element on the Board, which can effectively exercise independent judgment and provide sufficient checks and balances that safeguard the interests of the Shareholders. The non-executive Directors (including the independent non-executive Directors) possess diverse academic and professional qualifications or experience and bring a wide range of valuable business and financial knowledge and expertise to the Board. Their views and participation in the meetings of the Board and its committees bring independent advice on issues relating to the Group's strategies, conflicts of interest and management process, and ensure that the interests of the Shareholders are taken into account.

During the Year and up to the date of this annual report, the Board has at all times met the requirements of the Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Board currently has three independent non-executive Directors, comprising more than one-third of the Board, and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to the independence guidelines as set out in Rule 3.13 of the Listing Rules and considered each of them to be independent.

No independent non-executive Director has served the Company for more than 9 years.

Appointment, Re-election and Removal of Directors

Pursuant to the articles of association (the "**Articles of Association**") of the Company, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the Board. Such appointment shall be recommended by the Nomination Committee and the Remuneration Committee and approved by the Board based on the formal written procedures and policies relating to the nomination of the Directors (the "**Nomination Policy**") and the diversity of the Board (the "**Board Diversity Policy**") adopted by the Company, summary of which are set out in the section headed "Nomination Committee" below.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting ("**AGM**") of the Company and shall then be eligible for re-election. Furthermore, according to Article 84(1) of the Articles of Association, at each AGM, at least one-third of the Directors for the time being shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election.

All Directors (including the non-executive Directors) have been appointed for a term of three years, subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Articles of Association. Each Director entered into a written service agreement or a written letter of appointment with the Company setting out the key terms and conditions of his appointment, brief details of which are as follows:

– Mr. Lim Kui Teng, CEO and an executive Director, has renewed his service agreement with the Company for the term of three years commencing from 1 June 2019, which may be terminated by either party by giving not less than three calendar months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Articles of Association. He is entitled to a basic salary of S$1,041,600 per annum plus a discretionary bonus, which may be subject to adjustment as determined by the Remuneration Committee and the Board with reference to the performance of the Group;

– Mr. Quek Sze Whye, an executive Director, has renewed his service agreement with the Company for the term of three years commencing from 1 June 2019, which may be terminated by either party by giving not less than three calendar months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Articles of Association. He is entitled to a basic salary of S$320,400 per annum plus a discretionary bonus, which may be subject to adjustment as determined by the Remuneration Committee and the Board with reference to the performance of the Group;

- Mr. Bijay Joseph, an executive Director, has renewed his service agreement with the Company for the term of three years commencing from 1 June 2019, which may be terminated by either party by giving not less than three calendar months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Articles of Association. He is entitled to a basic salary of S$230,400 per annum plus a discretionary bonus, which may be subject to adjustment by the Remuneration Committee and the Board with reference to the performance of the Group;

- Mr. Lau Yan Hong, an executive Director, has renewed his service agreement with the Company for the term of three years commencing from 1 June 2019, which may be terminated by either party by giving not less than three calendar months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Articles of Association. He is entitled to a basic salary of S$230,400 per annum plus a discretionary bonus, which may be subject to adjustment by the Remuneration Committee and the Board with reference to the performance of the Group;

- Mr. Phang Yew Kiat, the Chairman of the Board and a non-executive Director, has entered into a new letter of appointment with the Company for a term of three years commencing from 16 October 2020, which may be terminated by either party by giving not less than three months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Articles of Association. He is entitled to a nominal Director's fee of HK$1 per annum and a grant of share options which represent 1% of the issued share capital of the Company at the time of grant for each of his three years term of appointment (provided that his appointment is not determined before the end of each appointment year), pursuant to such terms and conditions of the Share Option Scheme adopted by the Company and as shall be determined by the Remuneration Committee with reference to Mr. Phang's duties and responsibilities within the Company and the prevailing market conditions (subject to review by the Board and the Remuneration Committee from time to time). Mr. Phang's compensation has been recommended by the Remuneration Committee and approved by the Board;

- Mr. Chan Po Siu, an independent non-executive Director, has entered into a letter of appointment with the Company for the term of three years commencing from 16 June 2020, which may be terminated by either party by giving not less than three months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Articles of Association. He is entitled to receive a Director's fees of HK$180,000 per annum;

- Mr. Wee Hian Eng Cyrus, an independent non-executive Director, has entered into a letter of appointment with the Company for the term of three years commencing from 17 December 2019, which may be terminated by either party by giving not less than three months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Articles of Association. He is entitled to receive a Director's fees of S$21,000 (equivalent to approximately HK$120,000) per annum; and

- Mr. Xu Fenglei, an independent non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 16 October 2020, which may be terminated by either party by giving not less than three months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Articles of Association. He is entitled to receive a Director's fees of S$24,000 (equivalent to approximately HK$140,000) per annum.

In accordance with Article 84(1)-(2) of the Articles of Association, Mr. Lim Kui Teng, Mr. Quek Sze Whye, Mr. Lau Yan Hong and Mr. Chan Po Siu will retire from office by rotation at the forthcoming AGM. Mr. Lim Kui Teng, being eligible, has offered himself for re-election, whereas Mr. Quek Sze Whye, Mr. Lau Yan Hong and Mr. Chan Po Siu have decided not to offer themselves for re-election.

After considering the recommendation of the Nomination Committee, the Board has proposed to appoint Mr. Wong Ka Bo Jimmy as an independent non-executive Director to fill the vacancy arising from the retirement of Mr. Chan Po Siu. For further details, please refer to the circular of the Company which will be sent to the Shareholders together with this annual report.

The Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.

Roles and Responsibilities of Directors

The executive Directors oversee the daily operations and management of the Group which include, among other matters, implementation of policies and strategies set by the Board. They report periodically to the Board on their works and business decisions.

The non-executive Directors (including the independent non-executive Directors) have the same duties of care and skill and fiduciaries duties as the executive Directors and should make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. Their responsibilities include:

– participating in the Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

– taking the lead where potential conflicts of interests arise;

– serving on the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the "**Board Committees**"), if invited; and

– scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

Each of the Directors (including the non-executive Directors) should ensure that he can give sufficient time and attention to the affairs of the Company. Pursuant to the Code Provision A.6.6 of the CG Code, each Director disclosed to the Company at the time of his appointment the number and nature of offices held in public companies or organizations and other significant commitments, as well as their identities and an indication of the time involved, and has agreed to disclose his commitments and any changes of the same to the Company in a timely manner.

Management Functions

Whilst the Board is responsible for directing and approving the Group's overall policies, strategies and objectives, the Group has also formed strong management teams in its business areas, with authority and responsibility to develop and exercise both operational and non-operational duties. The management team members of the Group have a wide range of skills, knowledge and experience necessary to govern the Group's operations.

The Board and the Group's management fully appreciate their respective roles and are committed to good corporate governance. The Board gives clear directions to the Group's management as to their powers of management and circumstances where they should report back and obtain the Board's approval before making decision or entering into any commitment on the Group's behalf. Major matters of the Group are reserved for the Board's own decisions, including the overall policies, strategies, directions and objectives of the Group, the issue, allotment or disposal, or grant of options in respect, of the Shares and the debentures of the Company, the significant changes in accounting policies, the appointment and removal of the Directors, the company secretary (the "**Company Secretary**") and the external auditor (the "**Auditor**") of the Company, the dividend of the Company, major acquisitions and disposals, major capital investments, material contracts and other major operational and financial matters. The Board periodically reviews the arrangement to ensure the same are appropriate to the Group as a whole.

The management teams of the Group, under the leadership and supervision of the CEO and the executive Directors, are responsible for the day-to-day management and operations of the Group, the execution of the policies, strategies and objectives set by the Group and the implementation of the adequate systems of internal controls and risk management procedures. The Group's management are required to report directly to the CEO and the relevant executive Directors on a regular basis in respect of the business performance and the operational and functional issues of the Group.

Conduct of Board Proceedings and Supply of and Access to Information

The Board meets regularly and at least four times a year at approximately quarterly intervals. Regular Board meeting is scheduled in advance with at least 14 days' notice being given to the Directors so as to give them an opportunity to attend. For any other Board meeting, reasonable notice is generally given. Meeting agenda together with the papers (in the form and quality sufficient to enable the Directors to make informed decisions) are sent to the Directors in a timely manner and at least three days before the intended date of the meeting. All Directors are given opportunity to include matters in the meeting agenda. The Directors may attend the meeting in person or by means of conference telephone or similar electronic means of communication which enable all participants to communicate with each other. The Directors may also approve various matters by way of passing written resolutions.

The Company Secretary assists the Chairman of the Board to prepare the meeting agendas and ensures that all applicable rules and regulations regarding the meeting proceedings are followed. The Company Secretary is also responsible for taking and keeping minutes of all the Board meetings, which should be in sufficient details of the matters considered and decisions reached. Draft minutes are normally circulated to the Directors for comment within a reasonable time after the meeting and the final signed version of the minutes are available for inspection of the Directors at any time.

During the Year, the Board held five regular meetings and the attendance record of individual Directors at these meetings is set out below:

Name of the Director	Attendance/ Number of meetings
Executive Directors	
Mr. Lim Kui Teng *(CEO)*	5/5
Mr. Quek Sze Whye	5/5
Mr. Bijay Joseph	5/5
Mr. Lau Yan Hong	4/5
Non-executive Director	
Mr. Phang Yew Kiat *(Chairman of the Board)*	5/5
Independent Non-executive Directors	
Mr. Chan Po Siu	5/5
Mr. Wee Hian Eng Cyrus	5/5
Mr. Xu Fenglei	5/5

During the Year, the Board considered and approved, among others, the annual results and report of the Group for the financial year ended 31 December 2020, the annual budget for the Year, the results and performance update against annual budget together with business reports from the management, the interim results and report of the Group for the six months ended 30 June 2021, the retirement and appointment of the Directors, the appointment of the Company Secretary and the Auditor, certain discloseable and connected transactions of the Group as well as other critical business operations. The Board also reviewed the Company's compliance with the CG Code and, through the Audit Committee, conducted a review of the adequacy of the systems of internal control and risk management of the Group, as elaborated in the section headed "Risk Management and Internal Control" below.

Directors are required to declare their interests (if any) in the matters to be considered at the Board meetings in accordance with the Articles of Association. Should a substantial Shareholder or a Director has a potential material conflict of interest in a matter to be considered by the Board, the matter will be dealt with by a physical meeting rather than by written resolution. The independent non-executive Directors with no conflict of interest will be present at the meeting. Pursuant to the Articles of Association, a Director who is considered to be materially interested in the matter shall abstain from voting on the resolution approving such matter.

All Directors have access to relevant and timely information to make informed decision and perform their duties and responsibilities. They have access to the advice and services of the Company Secretary to ensure the Board policies and procedures are complied with. The management of the Group is invited to join the Board meetings, where appropriate, to provide sufficient explanation and information to the Directors to enable the Board to make informed assessments and decisions. Where queries are raised by the Directors, prompt and full responses will be given if possible. The Board and individual Directors have separate and independent access to the Senior Management.

Each Director, with the consent of the Chairman of the Board and/or the chairman of the Audit Committee, may seek independent professional advice, at the Company's expense, to perform his responsibilities to the Company when the same considers appropriate. Throughout the Year, no Director exercised his right for independent professional advice.

Directors' Induction and Continuous Professional Development

Each newly appointed Director is provided a comprehensive, formal and tailored induction upon his appointment to ensure he has an appropriate understanding of the businesses and operations of the Group and full awareness of his responsibilities and obligations under statue and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. From time to time, the Company provides materials, briefings and/or professional development necessary to keep the Directors abreast of their responsibilities and the Group's businesses and operations. The Directors are also provided with monthly updates which contain periodic financials with summaries of key events, outlook and business-related matters of the Group. The monthly updates present a balanced and understandable assessment of the Company's performance and position.

During the Year, legal and regulatory updates were provided from time to time to the Directors for their reading to ensure compliance and enhance the Directors' awareness of good corporate governance practices. The CEO and the Senior Management reported the Group's business activities, including the operations, performance, strategies and new initiatives at the regular Board meetings. The Directors have always been encouraged to attend seminars, talks and continuous professional training to enrich their knowledge and skills to ensure their contribution to the Board remains informed and relevant. During the Year, the participation in continuous professional development of individual Directors is summarised below:

Name of the Director	Reading regulatory updates	Attending seminars, talks and continuous professional training
Mr. Lim Kui Teng *(CEO)*	✓	✓
Mr. Quek Sze Whye	✓	✓
Mr. Bijay Joseph	✓	✓
Mr. Lau Yan Hong	✓	✓
Mr. Phang Yew Kiat *(Chairman of the Board)*	✓	✓
Mr. Chan Po Siu	✓	✓
Mr. Wee Hian Eng Cyrus	✓	✓
Mr. Xu Fenglei	✓	✓

Directors' and Officers' Liability Insurance and Indemnity

The Company has arranged appropriate liability insurance, which is reviewed from time to time, to indemnify the Directors and the officers of the Company in respect of the legal actions against them arising from corporate activities. Throughout the Year, no claim was made against any Directors or officers of the Company.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE

The Code Provision A.2.1 of the CG Code stipulates that the roles of the Chairman of the Board and the CEO should be separate and should not be performed by the same individual, and that the division of responsibilities between the Chairman of the Board and the CEO should be clearly stated. The Company fully supports such a division of responsibilities in order to ensure a balance of power and authority. Throughout the Year, the Board was chaired by Mr. Phang Yew Kiat, a non-executive Director, whereas Mr. Lim Kui Teng, an executive Director, acted as the CEO. These positions have clearly defined separate responsibilities.

The Chairman of the Board provides leadership for the Board with the aim to ensure the Board works effectively and performs its responsibilities, and that all key and appropriate issues can be discussed by the Board in a timely manner. His primary responsibilities include:

– ensuring the Board establishes and maintains a good corporate governance practices and procedures;

– encouraging all Directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interests of the Company;

– ensuring all Directors are properly briefed on issues arising at the Board meetings;

– ensuring all Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;

– ensuring appropriate steps are taken to provide effective communication with the Shareholders, and that their views are communicated to the Board as a whole; and

– promoting a culture of openness and debate by facilitating the effective contribution of the non-executive Directors (including the independent non-executive Directors) and ensuring constructive relations between the executive and the non-executive Directors.

The Chairman of the Board is committed to maintaining good corporate governance practices and proper Board meeting proceedings. During the Year, the Chairman of the Board ensured that all Directors had been fully consulted on any matters proposed for inclusion in the meeting agendas, which were drawn up by the Company Secretary and approved by the Chairman of the Board, encouraged and allowed sufficient time for constructive discussions, criticisms or debates among the Directors in the Board meetings and ensured the Board decisions fairly reflected the consensus of the Board. He also had a meeting with the independent non-executive Directors without the presence of the executive Directors.

The CEO provides leadership to the management of the Group and commits to take overall responsibilities for the supervision and the conducts of the Group's businesses and ordinary operations in accordance with the policies, strategies and objectives established by the Group. The Board sets limits to the authorities exercisable by the CEO, who remains accountable to the Board within the limits of delegated authorities, and monitors the performance of the CEO to ensure that the Board's objectives have been attained.

BOARD COMMITTEES

The Board has established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, and empowered the Board Committees under their own defined terms of reference which are no less exacting than those set out in the CG Code.

All Board Committees are required by their terms of reference to report their decisions, findings or recommendations to the Board, which regularly evaluates their performance.

The Company Secretary acts as the secretary of all Board Committees and is responsible for taking and keeping minutes of all the Board Committees meetings, which should be in sufficient details of the matters considered and decisions reached. Draft minutes are normally circulated to the respective Board Committees members for comment within a reasonable time after the meeting and the final signed version of the minutes are available for inspection of the Directors at any time.

All Board Committees are provided with sufficient resources to discharge their duties and have access to independent professional advice at the expenses of the Company if necessary.

Audit Committee

The Audit Committee comprises all three independent non-executive Directors, namely Mr. Chan Po Siu (chairman), Mr. Wee Hian Eng Cyrus and Mr. Xu Fenglei.

Mr. Chan Po Siu has the appropriate professional accounting experience as required under the Listing Rules. No former partner of the Company's existing auditing firm acts as a member of the Audit Committee within two years from the date of his ceasing to be a partner or to have any financial interests in the firm, whichever is later. The Board expects the members to exercise independent judgment in conducting the business of the Audit Committee.

The written terms of reference of the Audit Committee detailing its role and authority are available on the Stock Exchange's website and the Company's website. The major duties of the Audit Committee include:

– to act as the key representative body for overseeing the Company's relationship with the Auditor;

– to review the Company's financial information; and

– to oversee the effectiveness of the Group's financial reporting system, risk management and internal control systems and internal audit controls.

During the Year, the Audit Committee held three meetings and the attendance record of individual members of the Audit Committee at these meetings is set out below:

Name of the Director	Attendance/ Number of meetings
Mr. Chan Po Siu *(chairman)*	3/3
Mr. Wee Hian Eng Cyrus	3/3
Mr. Xu Fenglei	3/3

During the Year, the Audit Committee performed, *inter alia*, the following works:

(1) considered and approved the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021, and reviewed any significant financial reporting judgements contained therein before submission to the Board;

(2) considered and approved the draft annual report of the Company for the financial year ended 31 December 2020 and the draft interim report of the Company for the six months ended 30 June 2021;

(3) considered and made recommendation to the Board on the resignation and appointment of the Auditor and the relevant terms of engagement, including remuneration;

(4) reviewed and approved the audit plan;

(5) reviewed the Group's risk management and internal control systems (including the environmental, social and governmental risk management and internal control systems) and the effectiveness of internal audit function; and

(6) reviewed the adequacy of the resources, staff qualification and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions.

For the Year, the Board and the Audit Committee had no disagreement on the selection, appointment and resignation of the Auditor.

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Xu Fenglei (chairman) and Mr. Chan Po Siu, and an executive Director, namely Mr. Lim Kui Teng.

A majority of the Remuneration Committee members are the independent non-executive Directors. The Board expects the members to exercise independent judgment in conducting the business of the Remuneration Committee.

The written terms of reference of the Remuneration Committee detailing its role and authority are available on the Stock Exchange's website and the Company's website. The major duties of the Remuneration Committee include:

– to review and to make recommendations to the Board on the Company's policy and structure for all remunerations of the Directors and the Senior Management and on the establishment of a formal and transparent procedure for developing the remuneration policy (the "**Remuneration Policy**") of the Company;

– to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

– to make recommendations to the Board on the remuneration packages of individual executive Directors and the Senior Management;

– to make recommendations to the Board on the remunerations of the non-executive Directors;

– to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

– to review and approve compensation payable to the executive Directors and the Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

– to review and approve compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

– to decide on the grant of share options under the Share Option Scheme from time to time.

Remuneration Policy

The Remuneration Policy is set and recommended by the Remuneration Committee to the Board. Under the Remuneration Policy, the remuneration levels should be sufficient to attract and retain high quality staff and to enable smooth operation within the Group. When setting remunerations to the Directors and the Senior Management, regards shall be given to the qualifications and competence of the Directors and the Senior Management, their job responsibilities and involvement with the Group's affairs, the Group's performance and profitability as well as the prevailing market conditions. No Director should be involved in deciding his own remuneration.

To ensure the fairness and competitiveness of the remunerations payable to each Director and Senior Management, their respective remuneration packages are structured to include:

– an appropriate rate of base remuneration for the job of each executive Director and Senior Management;

– an adequate compensation for the efforts and time dedicated to the Company's affair including their participation in the Board and the respective Board Committees;

– competitive benefit programmes; and

– sets of performance measures and targets for performance-related annual and long-term incentive plans based on an appropriate independent advice and/or an assessment of the interests of the Shareholders and taking into account of an appropriate balance of risks and rewards for the Directors and other participants.

The Remuneration Committee periodically reviews the Remuneration Policy and the remuneration packages of the Directors and the Senior Management.

During the Year, the Remuneration Committee held two meetings and the attendance record of individual members of the Remuneration Committee at these meetings is set out below:

Name of the Director	Attendance/ Number of meetings
Mr. Xu Fenglei *(chairman)*	2/2
Mr. Chan Po Siu	2/2
Mr. Lim Kui Teng	2/2

During the Year, the Remuneration Committee performed, *inter alia*, the following works:

(1) reviewed the Remuneration Policy;

(2) assessed the performance of, and reviewed and made recommendation to the Board on the remunerations of all Directors and Senior Management for the Year; and

(3) reviewed and initiated an enhanced employee compensation scheme of the Group to bring the same in line with the remuneration benchmarks in the industry and the prevailing market conditions;

(4) reviewed and made recommendation to the Board on the share options granted to the non-executive Director under the Share Option Scheme.

For the Year, the Board and the Remuneration Committee had no disagreement on any remuneration or compensation arrangements. No Director was involved in deciding his own remuneration.

Nomination Committee

The Nomination Committee comprises the Chairman of the Board, namely Mr. Phang Yew Kiat (chairman) and two independent non-executive Directors, namely Mr. Chan Po Siu and Mr. Xu Fenglei.

A majority of the Nomination Committee members are independent non-executive Directors. The Board expects the members to exercise independent judgment in conducting the business of the Nomination Committee.

The written terms of reference of the Nomination Committee detailing its role and authority are available on the Stock Exchange's website and the Company's website. The major duties of the Nomination Committee include:

– to review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

– to identify individuals suitably qualified to become the Directors and select or make recommendations to the Board on the selection of individuals nominated for directorship;

– to assess the independence of the independent non-executive Directors;

– to make recommendations to the Board on the appointment or re-appointment of the Directors and the succession planning for the Directors;

– to monitor and review the Board Diversity Policy and the Nomination Policy; and

– to develop and recommend to the Board measurable objectives for achieving diversity on the Board and monitor the progress on achieving those objectives.

Board Diversity Policy

Since 1 January 2019, the Company has adopted the Board Diversity Policy with the aim of enhancing the Board's effectiveness and supporting its sustainable and balanced development. Under the Board Diversity Policy, the Company is committed to equality of opportunity and recognises the benefits of diversity of the Directors.

The Company sees diversity as a wide concept. In determining the Board composition and the selection of candidate(s) to the Board, factors including but not limited to gender, age, ethnicity, language, cultural and educational background, professional qualifications, industrial experience, skills and knowledge, length of service, independence, the amount of time and effort that the candidate(s) will devote to discharge his/her duties and responsibilities and other qualities will be considered. All Directors' appointments shall be based on meritocracy and the candidate(s) will be considered against the nomination criteria, having regards for the benefits of diversity on the Board, the Group's business model and its specific needs from time to time. The ultimate decision shall be based on merit and contribution that the selected candidate(s) will bring to the Board.

The Nomination Committee has been monitoring the implementation of the Board Diversity Policy since its adoption and shall review the implementation and effectiveness of the Board Diversity Policy (including an annual review of the measurable objectives set out thereunder) on an annual basis to ensure its effectiveness.

In order to ensure on-going compliance with the CG Code, the Board is now formulating its target and timeline to achieve gender diversity on the Board.

Nomination Policy

On 1 January 2019, the Company has adopted the Nomination Policy in relation to the nomination, appointment and re-appointment of the Directors as well as the nomination procedures of the Directors.

In the case of identifying candidate(s) to be appointed as the Director(s), the Nomination Committee shall hold a meeting to consider the candidate(s) identified or selected pursuant to the nomination criteria and make recommendation to the Board if appropriate. The Board shall deliberate and decide on the appointment(s) based on the recommendation(s) of the Nomination Committee. In the case of re-appointment of the retiring Director(s), the Nomination Committee shall review the overall contribution and service of the retiring Director(s) to the Company and determine whether the retiring Director(s) continues to meet the nomination criteria set out in the Nomination Policy, and if appropriate, recommend the retiring Director(s) to the Board for consideration and recommendation to the Shareholders for the proposed re-election of the retiring Director(s) at a general meeting.

In evaluating and selecting any candidate(s) for directorship, the Nomination Committee shall consider his/her character and integrity, professional qualifications, industrial experience, skills and knowledge, independence, potential amount of time and commitment for discharging his/her duties and responsibilities as a Director, and such other criteria that are appropriate to the businesses of the Group.

The Nomination Committee believes that independence is an important part of fulfilling the Directors' duty to supervise the management of the businesses and affairs of the Group. The Directors are required to disclose his/her interests in competing businesses to the Company. Cross-directorships in Hong Kong or overseas between the Directors are also reviewed annually.

The Nomination Committee has been following the nomination criteria and procedures under the Nomination Policy since its adoption and shall review the Nomination Policy from time to time.

During the Year, the Nomination Committee held two meetings and the attendance record of individual members of the Nomination Committee at these meetings is set out below:

Name of the Director	**Attendance/ Number of meetings**
Mr. Phang Yew Kiat *(chairman)*	2/2
Mr. Chan Po Siu	2/2
Mr. Xu Fenglei	2/2

During the Year, the Nomination Committee performed, *inter alia*, the following works:

(1) reviewed the existing Board structure, size and composition;

(2) reviewed and assessed the independence of the independent non-executive Directors;

(3) made recommendation on the retiring Directors' eligibility for re-election at the AGM; and

(4) reviewed the Board Diversity Policy and the Nomination Policy.

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.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

Financial Reporting

The Board is responsible for presenting a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group for each financial year ended 31 December, which should give a true and fair view of the state of affairs of the Company and of the Group on that date and of the Group's results and cash flows for that year in accordance with the applicable accounting standards and the relevant laws and disclosure provisions of the Listing Rules. The management of the Group should provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval.

In preparing the financial statements for the Year, the Directors adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations. The financial statements for the Year were prepared by the Directors on a going concern basis and the Directors were not aware of any material uncertainties relating to the events or conditions that might cast significant doubt on the Company's ability to continue as a going concern. A statement by the Auditor regarding their reporting responsibilities is set out in the "Independent Auditor's Report" of this annual report.

Risk Management and Internal Control

The Board has overall responsibilities for maintaining sound and effective risk management and internal control systems (including the environmental, social and governmental risk management and internal control systems) to safeguard the Shareholders' investments and the Group's assets, and reviewing the effectiveness of such systems on an annual basis.

The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance and not absolute assurance against material misstatement or loss. Hence, such systems are to provide the clear governance structure, policies and procedures, as well as the reporting mechanism to facilitate the Group to manage its risks across business operations.

With the continuous efforts of the Board, the Group has established a comprehensive and effective internal control system and a risk management framework, which consists of three tiers of structure, being the Board, the Audit Committee and the Group's management, to safeguard the corporate operating management, the asset security, the financial reporting and the fairness, accuracy and completeness of dissemination of the relevant information in a rational manner.

The Board is responsible for evaluating and determining the nature and extent of the risks taken by the Group to achieve its strategic business objectiveness. The Audit Committee is delegated to oversee the Group's internal control and risk management systems on an ongoing basis and conduct a review of effectiveness of the same at least annually, which covers all material controls including financial, operational and compliance controls. The management of the Group shall be responsible for the formulation, implementation and monitoring of the risk management and internal control systems, as well as the review and update of the same to ensure they remain relevant and adequate. Risk management and internal control reports are submitted by the Group's management to the Audit Committee and the Board at least once a year. The Board has also established and empowered a working taskforce (the "**ESG Taskforce**") for the environmental, social and governmental relate matters, duties of which are explained in the "Environmental, Social and Governance Report" of this annual report.

To assist the Audit Committee to fulfill its responsibilities, the management of the Group has developed a risk management policy in providing directions to identify, evaluate and manage significant risks. Each half year, the Group's management follows the policy to identify and assess the key risk areas which cover all aspects of the corporate strategies, operations and finance, including the changes thereof, distinguishes the material internal control defects (if any) and discusses the solutions to address such risk areas and defects where appropriate. The risk assessment and internal control reviews are then reported to the Board for their review.

The Group does not have an internal audit function. In light of the Group's relatively simple corporate and operation structure, the close supervision of the Senior Management and the effective communications with the Auditor in respect of any material control deficiencies identified during the course of the financial statement audit, the Board is currently of the view that there is no immediate need to set up an internal audit function within the Group. As opposed to diverting resources to establish a separate internal audit department, the Board, supported by the Audit Committee, shall be directly responsible for risk management and internal control systems of the Group, and for reviewing its adequacy and effectiveness. In order to maintain high standards of corporate governance, the Group also engages an external independent consultant with professional staff in possession of relevant expertise to perform independent review of the adequacy and effectiveness of the Group's risk management and internal control systems on project-basis as well as to give trainings to the Group's staff on implementing and monitoring such systems. The Group will continue to review the necessity for an internal audit function on an annual basis.

Procedures and Internal Controls for Handling and Dissemination of Inside Information

The Group has adopted a policy on disclosure of inside information setting out the procedures and controls for the handling and dissemination of inside information in compliance with the SFO and the Listing Rules. The policy contains guidelines to the Directors, the Relevant Employees and the officers of the Group with the aim of enhancing the Group's system of handling of inside information and ensuring the truthfulness, accuracy, completeness and timeliness of the public disclosures of the Group.

Certain reasonable measures have been taken from time to time to ensure that proper safeguards are in place to prevent any breach of the disclosure requirements in relation to the Group, which include:

– The Group ensures to conduct its affairs with close adherence to the "Guidelines on Disclosure of Inside Information" issued by Securities and Futures Commission;

– Access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality;

– Confidentiality covenants will be in place when the Group enters into significant negotiations. In addition, all Relevant Employees are required to strictly adhere to the rules and regulations regarding the management of inside information, including the securities transaction rules adopted by the Company which are on terms no less exacting than those required under the SFO and the Listing Rules; and

– The Group is committed to disclosing the inside information as soon as reasonably practicable under the applicable laws and regulations. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group shall immediately disclose the information to the public. The Group is committed to ensuring that information contained in its announcements or circulars is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

The Company has confirmed that the risk management and internal control provisions under the CG Code were complied with during the Year. The Audit Committee has performed the annual review on the effectiveness of the Group's risk management and internal control systems for the Year, including but not limited to the changes (if any) in the nature and extent of significant risks, the Group's ability to cope with its business transformation and changing external environment, the scope and quality of management's ongoing monitoring of the risk management and internal control systems, the extent and frequency of communication with the Board in relation to result of risks and internal control review, the significant control failures or weaknesses identified (if any) and their related implications, the effectiveness of the Company's processes for financial reporting and compliance with the Listing Rules, as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. The Audit Committee also received a confirmation from the Group's management on the effectiveness of the risk management and internal control systems of the Group, which was endorsed by the Audit Committee and submitted to the Board. Based on the result of the review, the Board has confirmed that the Group's risk management and internal control systems were effective and adequate during the Year. No significant area of concern that might affect the Shareholders was identified.

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board, and that the Board policies and procedures are followed. The Company Secretary reports to, and advises the Board on governance matters through, the Chairman of the Board

The Company appoints external service providers as the Company Secretary. For the period between 1 January 2021 and 30 April 2021, Ms. Ngan Chui Wan was appointed as the Company Secretary. Following her resignation, Mr. Ho Kai Tak ("**Mr. Ho**"), a practicing solicitor in Hong Kong, was appointed by the Board as the Company Secretary with effect from 1 May 2021.

The primary corporate contact person of the Company with the Company Secretary for the purpose of the Code Provision F.1.1 of the CG Code is Ms. Ong Sok Hun, the chief financial officer of the Company.

Mr. Ho has confirmed that he took no less than 15 hours of relevant professional training during the Year as required under Rule 3.29 of the Listing Rules.

AUDITOR'S REMUNERATION

The Board, based on the recommendation of the Audit Committee, approved the appointment of Ernst & Young LLP ("**EY**") as the Auditor which took effect from 24 May 2021.

The remuneration paid or payable to the reporting accountants and the Auditor, in respect of audit and non-audit services were as follows:

	Remuneration paid/payable S$'000
Audit services	
– Annual audit services	180
Non-audit services	
– Tax returns compliance services	13
	193

SHAREHOLDERS' RIGHTS

The Company is committed to ensuring that all Shareholders are treated equitably and fairly. Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the mandatory disclosure requirements under the CG Code:

– Convening the extraordinary general meeting ("EGM") of the Company on request and putting forward proposals at the Shareholders' meeting

Pursuant to Article 58 of the Articles of Association, the Shareholder(s) 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 Company Secretary, to require an EGM to be called by the Board for the transaction of any businesses specified in such requisition. An EGM shall be held within two months after the deposit of the said written requisition. If within 21 days of such deposit the Board fails to proceed to convene an EGM, 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.

The Shareholder(s) who wishes to move a resolution may request the Company to convene an EGM following the procedures set out in the preceding paragraph. The written requisition should be signed by the requisitionist(s) and deposited at the Company's principal place of business in Hong Kong, specifying the and should specify the contact details of the requisitionist(s) and the resolution intended to be put forward at the EGM.

Pursuant to Article 85 of the Articles of Association, the Shareholder(s) may propose a person other than the retiring Director(s) for election as a Director at the general meeting of the Company. Detailed procedures for the Shareholder(s) to propose a person for election as a Director are available on the Company's website.

– Putting enquiries to the Board

The Shareholders may at any time send their written enquiries and concerns to the Board by addressing them to the Board or the Company Secretary at the Company's principal place of business in Hong Kong or via the Company's website. In addition, the Shareholders can contact the Company's share registrar in Hong Kong, Tricor Investor Services Limited, if they have any enquiries about their shareholdings or entitlements to dividend. Relevant contact details are set out in the "Corporate Information" of this annual report.

INVESTOR RELATIONS AND SHAREHOLDERS ENGAGEMENT

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations and recognises the importance of disclosing the Group's information in a timely, accurate and complete manner, thereby enabling the Shareholders, the investors as well as the public to make rational and informed investment decisions.

The Company is also committed to protecting the privacy right on all personal data collected from the Shareholders. When collecting personal data from the Shareholders, the Company will specify in the relevant documents the purpose of such collection and the use of the personal data. Contact details are also provided to the Shareholders for accessing and correcting their personal data.

The Board is responsible for establishing an open and effective Shareholders' communication policy to maintain an on-going dialogue with the Shareholders, and reviewing such policy on a regular basis to ensure its effectiveness. Information of the Group is mainly communicated through the Company's general meetings, annual and interim reports, notices, announcements and circulars. The Company's website also provides the general and up-to-date information of the Company to an effective communication platform to the Shareholders, the investors and the public.

During the Year, there was no change to the Company's constitutional documents, which are available on the Stock Exchange's website and the Company's website.

Dividend Policy

On 1 January 2019, the Company has adopted a policy to determine dividend payout (the "**Dividend Policy**"), which aims to allow the Shareholders to participate in the Company's profits whilst enabling the Company to retain adequate reserves for future growth.

Under the Dividend Policy, subject to the approval of the Shareholders and the requirements of the relevant laws and regulations, the Company may pay annual dividends to the Shareholders if the Group is profitable, the operation environment is stable and there is no significant investment or commitment made by the Group. The proposed dividend payout shall be based on the Company's capacity to pay from accumulated and future earnings, the liquidity position and the future commitments at the time of declaration of dividend with reference to the Group's actual and expected financial performance, the Group's expected working capital requirements and future expansion plans, the Group's debt to equity ratios, the restrictions on payment of dividends that may be imposed by the Group's lenders (if any), the business cycles of the Group's businesses, the dividends received from the Company's subsidiaries and associates, the Shareholders' and the investors' expectation, general economic conditions, the industry's norm and any other factors that the Board deems relevant. The Board may from time to time pay to the Shareholders such dividends as appear to the Directors to be justified taking into account of the profits of the Group.

The Dividend Policy shall be reviewed by the Board from time to time so as to keep in line with the future prospects and capital requirements of the Group as well as the changes in market conditions

Shareholders Meetings

One of the principal channels of communication with the Shareholders is the general meetings of the Company, where the Shareholders can directly exchange their views with the Board. For each substantially separate matter at a general meeting, the chairman of such meeting, who is generally the Chairman of the Board, shall propose a separate resolution to the Shareholders for their consideration and approval. The Chairman of the Board and the chairmen of all the Board Committees, or in their absence, other members of the respective Board Committees, shall attend the AGM to answer questions from the Shareholder. The Auditor is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor's independence. At any general meeting to approve a connected transaction or any other transactions that requires independent Shareholders' approval, the chairman of the independent board committee (if any) shall attend and be available to answer questions.

The Company reviews the proceedings of the general meeting from time to time to ensure that it follows good corporate governance practices. The Company shall arrange for the notice to the Shareholders to be sent for the AGM not less than 21 clear days and not less than 20 clear business days prior to the AGM and to be sent not less than 14 clear days and not less than 10 clear business before the EGM. Pursuant to the Listing Rules, any vote(s) of the Shareholders at the general meeting must be taken by poll. Detailed procedures for conducting a poll are explained to the Shareholders and any questions relating thereto will be answered at the general meeting prior to the poll(s) being taken to ensure the Shareholders are familiar with such voting procedures. The Company's share registrar in Hong Kong shall act as the scrutineer for the vote-taking at the general meeting. An announcement on the poll vote results will be made by the Company in the manner prescribed under Rule 13.39(5) of the Listing Rules and will be published on the website of the Stock Exchange and the website of the Company.

During the Year, an AGM was held on 24 May 2021 at the Company's headquarters (the "**2021 AGM**") and the attendance record of individual Directors at the 2021 AGM is set out below:

Name of the Director	Attendance
Executive Directors	
Mr. Lim Kui Teng *(CEO)* (retired as chairman of the Nomination Committee on 19 April 2021)	✓
Mr. Quek Sze Whye	✓
Mr. Bijay Joseph	✓
Mr. Lau Yan Hong	✓
Non-executive Director	
Mr. Phang Yew Kiat *(Chairman of the Board)* (appointed as chairman of the Nomination Committee on 19 April 2021)	✓
Independent Non-executive Directors	
Mr. Chan Po Siu *(chairman of the Audit Committee)*	✓
Mr. Wee Hian Eng Cyrus	✓
Mr. Xu Fenglei *(chairman of the Remuneration Committee)*	✓

Businesses transacted at the 2021 AGM include the adoption of audited consolidated financial statements of the Group and the reports of the Directors and the Auditors for the financial year ended 31 December 2020, the re-election of the retiring Directors and the fixing of the Directors' fees, the appointment of EY as the Auditor, and the renewal of the general mandates with respect to issue Shares (including the extension thereof) and buy-back Shares. All the aforesaid proceedings were duly followed at the 2021 AGM.

REPORT OF THE DIRECTORS

It is the pleasure of the Directors to present their report together with the Consolidated Financial Statements for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the Group are:

– the provision of earthworks and ancillary services, including land clearing, demolition, rock breaking, mass excavation, deep basement excavation, foundation excavation, earth disposal, earth filling and shore protection. Certain earthworks projects may require civil engineering works such as road diversions, road reinstatements, overhead bridge, sewerage, drainage, pipe laying and cable trench works; and

– the provision of general construction works, including alteration and addition works, which can be broadly classified into interior works or works affecting building systems or components such as structural works, additions of lifts and reinforcement works, and the construction of new buildings.

A list of the Company's subsidiaries and their particulars are set out in Note 31 to the Consolidated Financial Statements.

An analysis of the Group's segment information for the Year by business is set out in Note 4 to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the businesses of the Group during the Year, an analysis of the Group's performance during the Year using financial key performance indicators, a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's businesses are provided throughout this annual report, particularly in the "Chairman's Statement" and the "Management Discussion and Analysis" of this annual report as well as the Consolidated Financial Statements. Details of the Group's financial risk management are set out in Note 33 to the Consolidated Financial Statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group, as a responsible citizen, is committed to behaving ethically and responsibly in its daily operations to fulfill its environmental and social responsibilities. The Group has an integrated management system ("**IMS**") to govern the environmental, social and governance related aspect of its operations.

In particular, the Group considers that environmental protection is essential to the long-term development of the Group and constantly improves its management practices so as to minimise waste, maximise efficiencies and reduce negative impact on the environment.

In order to minimise the impact of its construction activities on the environment, the Group has adopted and implemented an environmental protection policy with procedures to enable it to commit to the long-term sustainability of the environment and the communities in which it operates. During the Year, the Group complied with all the relevant environmental laws and regulations that had a significant impact on the Group's businesses where the Group was operating.

Detailed information on the environmental, social and governance practices adopted by the Group is set out in the "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

In recognition of the importance of complying with the regulatory requirements and the risk of non-compliance with the same, the Group has allocated sufficient system and staff resources to ensure ongoing compliance with all the relevant laws and regulations in different jurisdictions which have a significant impact on the Group in conduct of its businesses and operations.

The principal activities of the Group comprise the provision of earthworks and ancillary services as well as general construction works, operations of which are mainly carried out by the Company's subsidiaries in Singapore, whereas the Company itself was incorporated in the Cayman Islands and has been listed on the Main Board of the Stock Exchange since June 2016. Accordingly, the Group shall have to comply with the relevant laws and regulations in Hong Kong, the Cayman Islands and Singapore respectively.

On the corporate level, the Group complied with the Listing Rules and the SFO in relation to, among other things, the disclosure of information and the corporate governance matters during the Year. The Group has adopted the Model Code.

During the Year, the Board was not aware of any non-compliance with the relevant laws and regulations that had a significant impact on the Group's businesses where the Group was operating.

REPORT OF THE DIRECTORS

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group actively engages with its employees, customers and suppliers through different channels to develop mutual beneficial relationships and promote sustainability.

The Group ensures that all employees are reasonably remunerated and regularly reviews and improves its policies on remuneration and benefits, training, occupational health and safety. The Group is also committed to ensuring fair and equal treatments of all its employees and job candidates.

The Directors consider that maintaining long-term business relationships with the Group's major customers and suppliers will further enhance the market recognition of the Group and enable it to attract more potential business opportunities. The Group maintains good and stable relationships with its customers and suppliers. A customer complaint handling mechanism has been put in place by the Group to receive, analyse and study complaints, and to make recommendations on remedial actions with the aim of improving service quality. The Group also regularly reviews and evaluates the performance of its suppliers by conducting a fair and strict appraisal.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 8 June 2016 by way of Global Offering. The Net Proceeds amounted to approximately S$26.5 million, out of which approximately S$25.6 million had been utilised as at 31 December 2021.

Details of the use of the Net Proceeds are disclosed in the section headed "Use of Proceeds" on page 18 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the "Consolidated Statement of Comprehensive Income" of this annual report.

The Directors did not recommend the payment of a final dividend for the Year.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 4 and 5 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the Year are set out in Note 12 to the Consolidated Financial Statements.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the Year are set out in Note 13 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in Note 25 to the Consolidated Financial Statements.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as disclosed in the section headed "Share Option Scheme" below, no equity-linked agreement was entered into by the Company during the Year or subsisted at the end of the Year.

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in Notes 25 and 30 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution represent the aggregate of share premium and contributed surplus less accumulated losses. Under the Companies Act (2021 Revision), Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time), the share premium of the Company may be applied for paying distributions or dividends to the Shareholders subject to the provisions of its memorandum of association or the Articles of Association and provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. As at 31 December 2021, the Company's reserves available for distribution to the Shareholders were approximately S$62.1 million, being the aggregate of share premium and contributed surplus of approximately S$72.0 million less accumulated losses of approximately S$9.9 million.

REPORT OF THE DIRECTORS

DONATIONS

The Group's donations for charitable and other purposes during the Year are disclosed on page 103 of this annual report.

DIRECTORS

The Directors during the Year and up to the date of this report have been:

Executive Directors
Mr. Lim Kui Teng
Mr. Quek Sze Whye
Mr. Bijay Joseph
Mr. Lau Yan Hong

Non-executive Director
Mr. Phang Yew Kiat *(Chairman of the Board)*

Independent Non-executive Directors
Mr. Chan Po Siu
Mr. Wee Hian Eng Cyrus
Mr. Xu Fenglei

The biographical details of the Directors as at the date of this report are set out on pages 26 to 28 of this annual report.

In accordance with Article 84(1)-(2) of the Articles of Association, Mr. Lim Kui Teng, Mr. Quek Sze Whye, Mr. Lau Yan Hong and Mr. Chan Po Siu will retire from office by rotation at the forthcoming AGM. Mr. Lim Kui Teng, being eligible, has offered himself for re-election, whereas Mr. Quek Sze Whye, Mr. Lau Yan Hong and Mr. Chan Po Siu have decided not to offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Details of the Directors' service contracts are set out on pages 32 and 33 of this annual report.

None of the Directors (including any Director proposed for re-election at the forthcoming AGM) has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

It is provided in the Articles of Association that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts, provided that such indemnity shall not extend to any matters in respect of fraud or dishonesty which may attach to any of the said persons.

During the Year and up to the date of this report, the Group has taken out and maintained a Directors' liability insurance, which provides appropriate cover for legal actions brought against the Directors and the directors of the Company's subsidiaries. The level of the insurance coverage is reviewed annually.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors and the chief executives of the Company in the shares, the underlying shares and the debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the 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 required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Aggregate Long Positions in the Shares and the Underlying Shares

	Number of Shares held					
Name of the Director/Chief Executive	**Personal interests (held as beneficial owner)**	**Corporate interests (interests of controlled corporation)**	**Sub-total**	**Number of underlying Shares held under equity derivatives** *(Note 2)*	**Total**	**Approximate percentage of interest in the issued share capital of the Company as at 31 December 2021**
Mr. Lim Kui Teng ("**Mr. Lim**")	17,044,000	529,125,000 *(Note 1)*	546,169,000	–	546,169,000	52.70%
Mr. Quek Sze Whye ("**Mr. Quek**")	–	–	–	*8,000,000*	8,000,000	0.77%
Mr. Bijay Joseph ("**Mr. Joseph**")	–	–	–	*8,000,000*	8,000,000	0.77%
Mr. Lau Yan Hong ("**Mr. Lau**")	–	–	–	*8,000,000*	8,000,000	0.77%
Mr. Phang Yew Kiat ("**Mr. Phang**")	–	–	–	20,728,000	20,728,000	2.00%

Notes:

1. These Shares were held by Brewster Global, entire issued share capital of which is directly held by Mr. Lim.

2. These interests represented the interests in the underlying Shares in respect of the share options granted by the Company to these Directors as beneficial owners under the Share Option Scheme, details of which are set out in the section headed "Share Option Scheme" below.

Long positions in the Shares and the Underlying Shares of the Company's Associated Corporation

Name of the Director	Name of the associated corporation	Capacity/nature of interest	Number of ordinary shares	Approximate percentage of interest in the issued share capital of the associated corporation as at 31 December 2021
Mr. Lim	Brewster Global *(Note)*	Beneficial owner	1	100%

Note: Brewster Global is a substantial Shareholder and an associated corporation within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 December 2021, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders passed on 10 May 2016, the Company adopted the Share Option Scheme which became effective on 10 May 2016. Under the Share Option Scheme, the Board may grant options to eligible participants under the Share Option Scheme to subscribe for the Shares.

– Purpose

The purpose of the Share Option Scheme is to enable the Board to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre eligible participants and attract human resources that are valuable to the Group.

– Eligible participants

Eligible participants include any employees or proposed employees (whether full time or part time, including any directors) of any members of the Group or invested entity, any suppliers of goods or services, any customers, any persons or entities that provides research, development or other technological support, any Shareholders or other participants who contribute to the development and growth of the Group or any invested entities.

– Total number of Shares available for issue

The total number of Shares available for issue under the Share Option Scheme is 100,000,000 Shares, representing 9.6% of the issued share capital of the Company as at the date of this annual report.

– Maximum entitlement of each eligible participant

No option shall be granted to any eligible participants if any further grant of options 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 such further grant would exceed 1% of the total number of Shares in issue from time to time, unless (i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the eligible participant and his close associates shall abstain from voting; (ii) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the eligible participant, the number and the terms of the options to be granted and the options previously granted to such eligible participant); and (iii) the number and the terms (including the exercise price) of such option are fixed before the Shareholders' approval is sought.

– Option period

Option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the Board to the grantee which, in any event, shall not be longer than 10 years commencing from the date of the offer letter and expiring on the last day of such ten-year period.

– Minimum period for which an option must be held

There is no minimum period for which an option must be held before it can be exercised unless otherwise determined by the Board at the time of grant.

– Payment on acceptance of an option

An offer of grant of an option may be accepted by an eligible participant within 21 days from the date of grant upon payment of HK$1.00.

– Basis of determining the exercise price

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (the "**Offer Date**"), which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date. Where an option is to be granted, the date of the Board meeting at which the grant is proposed shall be taken to be the Offer Date.

– Duration

The Share Option Scheme shall be valid and effective for a period of 10 years commencing from 10 May 2016 and expiring on 9 May 2026.

During the Year, the Company granted options to subscribe for 10,364,000 Shares under the Share Option Scheme. Details of movements in the share options granted by the Company under the Share Option Scheme during the Year are summarised as follows:

	Date of grant	Exercise price per Share HK$	Number of shares options Outstanding as at 1 January 2021 *(Note 1)*	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Outstanding as at 31 December 2021	Exercise Period
Name of the Participant									
Mr. Quek	28 October 2020	0.090	8,000,000 (L)	–	–	–	–	**8,000,000 (L)**	10 May 2021 to 9 May 2026 (both days inclusive)
Mr. Joseph	28 October 2020	0.090	8,000,000 (L)	–	–	–	–	**8,000,000 (L)**	10 May 2021 to 9 May 2026 (both days inclusive)
Mr. Lau	28 October 2020	0.090	8,000,000 (L)	–	–	–	–	**8,000,000 (L)**	10 May 2021 to 9 May 2026 (both days inclusive)
Mr. Phang	28 October 2020	0.090	10,364,000 (L)	–	–	–	–	**10,364,000 (L)**	16 October 2021 to 9 May 2026 (both days inclusive)
	29 October 2021	0.220	N/A	10,364,000 (L) *(Note 2)*	–	–	–	**10,364,000 (L)**	16 October 2022 to 9 May 2026 (both days inclusive)
Employees of the Group	28 October 2020	0.090	44,860,000 (L)	–	–	–	–	**44,860,000 (L)**	10 May 2021 to 9 May 2026 (both days inclusive)
Total			79,224,000 (L)	10,364,000 (L)	–	–	–	**89,588,000 (L)**	

Notes:

1. The letter "L" denotes a long position in the Shares.

2. On 29 October 2021, the Company granted Mr. Phang options to subscribe for 10,364,000 Shares with an exercise price of HK$0.220 per Share and for an exercise period from 16 October 2022 to 9 May 2026 (both days inclusive). The closing price of the Shares immediately before the date on which the options were granted was HK$0.181.

Details of the value of the share options granted during the Year and the accounting policy adopted therefor are set out in Note 32 to the Consolidated Financial Statements.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and headed "Share Option Scheme" above:

(a) at no time during the Year was the Company, or any of its subsidiaries, its holding companies or its fellow subsidiaries, a party to any arrangements to enable the Directors, or any of their spouses or children under 18 years of age, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and

(b) none of the Directors, or their respective spouses or children under 18 years of age, had any rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate or had exercised any such rights during the Year.

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

As at 31 December 2021, so far as it is known to any Directors or chief executives of the Company, other than the interests and short positions of the Directors and the chief executives of the Company as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, the following persons had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Aggregate Long Positions in the Shares and the Underlying Shares

Name of the substantial Shareholder	Capacity/nature of interest	Number of Shares	Approximate percentage of interest in the issued share capital of the Company as at 31 December 2021
Brewster Global	Beneficial owner	529,125,000 *(Note 1)*	51.05%
Ms. Yee Say Lee ("**Ms. Yee**")	Interest of spouse *(Note 2)*	546,169,000	52.70%

Notes:

1. The entire issued share capital of Brewster Global is directly held by Mr. Lim. Accordingly, Mr. Lim is deemed to be interested in the Shares held by Brewster Global by virtue of the SFO. Mr. Lim is a controlling Shareholder and an executive Director.

2. Ms. Yee is the spouse of Mr. Lim. Accordingly, Ms. Yee is deemed to be interested in the Shares in which Mr. Lim is interested in under the SFO.

Save as disclosed above, as at 31 December 2021, no other persons (other than the Directors and the chief executives of the Company) had any interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or under the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer the new Shares on a pro-rata basis to the existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or their respective associates (as defined in the Listing Rules) had any interests in a business, other than the Group's businesses, that competed or might compete, either directly or indirectly, with the businesses of the Group.

Mr. Lim, a controlling Shareholder and an executive Director, has confirmed that he did not engage in any business, other than the Group's businesses, which competed or might compete, either directly or indirectly, with the businesses of the Group, and that he complied with the undertaking given under the deed of non-competition as disclosed in the Prospectus during the Year. The independent non-executive Directors were not aware of any incident of non-compliance of such undertaking.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the borrowings of the Group and the related party transactions of the Group as disclosed in Note 27 to the Consolidated Financial Statements, no transaction, arrangement or contract of significance in relation to the Group's businesses to which the Company, or any of its subsidiaries, its holding companies or its fellow subsidiaries, was a party and in which a Director or his connected entity(ies) had a material interest, whether directly or indirectly, was entered into during the Year or subsisted at the end of the Year.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

During the Year,

– Approximately 24.7% (2020: 37.1%) and approximately 71.7% (2020: 76.5%) of the Group's total purchases were attributable to the largest supplier of the Group and the five largest suppliers of the Group combined respectively;

– Approximately 21.3% (2020: 15.4%) and approximately 48.6% (2020: 52.1%) of the Group's total revenue were attributable to the largest customer of the Group and the five largest customers of the Group combined respectively; and

– Approximately 29.0% (2020: 26.3%) and approximately 57.8% (2020: 51.5%) of the Group's total subcontractor fees were attributable to the largest subcontractor of the Group and the five largest subcontractors of the Group combined respectively.

None of the Directors, their respective close associates (as defined in the Listing Rules) or the Shareholders (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interests in any of the Group's five largest suppliers or customers during the Year.

MANAGEMENT CONTRACTS

No contract, other than the employment contracts, concerning the management and administration of the whole or any substantial part of any businesses of the Group was entered into or existed during the Year.

CHANGES IN DIRECTORS' INFORMATION

There was no changes in information on the Directors since the date of the interim report of the Company for the six months ended 30 June 2021 and up to the date of this annual report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions entered into by the Group during the Year are disclosed in Note 27 to the Consolidated Financial Statements. Certain related party transactions constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, details of which during the Year and up to the date of this report are as follows:

(1) On 10 December 2018, the Company and United E&P Pte. Ltd. ("**United E&P**"), a company incorporated in Singapore with limited liability, entered into a construction materials purchase framework agreement (as supplemented by two supplemental agreements dated 29 March 2019 and 6 September 2019 respectively) (the "**Construction Materials Purchase Framework Agreement**") for a term of three years from 1 January 2019 to 31 December 2021, subject to the annual caps of S$770,000, S$770,000 and S$1,460,000 for the three financial years ended 31 December 2021. Pursuant to the Construction Materials Purchase Framework Agreement, United E&P agreed to supply construction materials such as asphalt premix and related products and the provision of related services including supply and lay, mill and patch and road paving works to the Group according to actual needs. The principal terms of the Construction Materials Purchase Framework Agreement include, among others, the pricing policy for each type of material supplied having regards to the actual materials and quantity etc.

    United E&P was owned as to 40% by an independent third party and 60% by United E&P Holdings Pte. Ltd. ("**United E&P Holdings**"), a company incorporated in Singapore with limited liability which in turn was owned as to 33.33% by Mr. Lim, a controlling Shareholder and an executive Director, and 66.67% by an independent third party. As such, United E&P was a connected person of the Company for the purpose of the Listing Rules.

    The continuing connected transactions contemplated under the Construction Materials Purchase Framework Agreement were subject to the reporting, announcement, annual review and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Construction Materials Purchase Framework Agreement was approved by the independent Shareholders at the EGM held on 30 October 2019 (the "**2019 EGM**").

    On 19 May 2021, Mr. Lim disposed all his interests in the United E&P Holdings and hence, United E&P ceased to be a connected person of the Company and the transactions contemplated under the Construction Materials Purchase Framework Agreement ceased to be continuing connected transactions for the purpose of the Listing Rules. Prior to such cessation, the total annual amount of historical transactions of construction materials and related services provided by United E&P to the Group for the Year was approximately S$417,000.

(2) On 10 December 2018, the Company and United E&P entered into a transportation framework agreement (as supplemented by three supplemental agreements dated 31 December 2018, 29 March 2019 and 6 September 2019 respectively) (the "**Transportation Framework Agreement**") for a term of three years from 1 January 2019 to 31 December 2021, subject to the annual cap of S$1,275,000 for each of the three financial years ended 31 December 2021. Pursuant to the Transportation Framework Agreement, the Group agreed to provide transportation services such as rental of trucks and supply of labour to United E&P according to actual needs. The principal terms of the Transportation Framework Agreement include, among others, (i) the pricing policy for the rental fee for each truck and quantity of labour provided; and (ii) the requirement that the Group and United E&P must enter into specific agreements to stipulate specific terms and conditions, including specific scope of service, form of service and payment method, in respect of the relevant services based on the principles as set out in the Transportation Framework Agreement.

United E&P was owned as to 40% by an independent third party and 60% by United E&P Holdings, which in turn was owned as to 33.33% by Mr. Lim, a controlling Shareholder and an executive Director, and 66.67% by an independent third party. As such, United E&P was a connected person of the Company for the purpose of the Listing Rules.

The continuing connected transactions contemplated under the Transportation Framework Agreement were subject to the reporting, announcement, annual review and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Transportation Framework Agreement was approved by the independent Shareholders at the 2019 EGM.

As mentioned, United E&P ceased to be a connected person and the transactions under the Transportation Framework Agreement ceased to be continuing connected transactions for the purpose of the Listing Rules. Prior to such cessation, the total annual amount of historical transactions of rental services and labour supply provided by the Group to United E&P for the Year was approximately S$3,000.

(3) On 10 December 2018, the Company and Golden Empire Civil Engineering Pte. Ltd. ("**Golden Empire**"), a company incorporated in Singapore with limited liability, entered into a rental services framework agreement (as supplemented by two supplemental letters dated 31 December 2018 and 29 March 2019 respectively) (the "**Previous Rental Services Framework Agreement 1**") for a term of three years from 1 January 2019 to 31 December 2021, subject to the annual cap of S$3,000,000 for each of the three financial years ended 31 December 2021. Pursuant to the Previous Rental Services Framework Agreement 1, the Group agreed to provide construction-related services such as rental of trucks and supply of labour to Golden Empire and its associates according to actual needs. The principal terms of the Previous Rental Services Framework Agreement 1 include, among others, (i) the pricing policy for the rental fee for each truck and quantity of labour provided; and (ii) the requirement that the Group and Golden Empire must enter into specific agreements to stipulate specific terms and conditions, including specific scope of service, form of service and payment method, in respect of the relevant services based on the principles as set out in the Previous Rental Services Framework Agreement 1.

Golden Empire is owned as to 50% by Mr. Lim, a controlling Shareholder and an executive Director, and 50% by an independent third party. As such, Golden Empire is a connected person of the Company for the purpose of the Listing Rules.

The continuing connected transactions contemplated under the Previous Rental Services Framework Agreement 1 were subject to the reporting, announcement, annual review and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Previous Rental Services Framework Agreement 1 was approved by the independent Shareholders at the 2019 EGM.

The total annual amount of historical transactions of rental services and labour supply provided by the Group to Golden Empire for the Year was approximately S$849,000.

As the Previous Rental Services Framework Agreement 1 expired on 31 December 2021, on 14 December 2021, the Company (for and on behalf of the Group) entered into a new rental services framework agreement 1 (the "**Rental Services Framework Agreement 1**") with Golden Empire in relation to the provision of construction-related services such as rental of truck and supply of labour for a term of three years commencing from 1 January 2022 and shall terminate on 31 December 2024 with an option to renew for a further three years upon expiry with mutual consent by the parties after negotiation, subject to the annual cap of S$300,000 for each of the three financial years ending 31 December 2024. Pursuant to the Rental Services Framework Agreement 1, the relevant parties must enter into a separate implementing agreement to stipulate specific terms and conditions, including specific scope of service, form of service and payment method, in respect of a specific transaction relating to the relevant services based on and in accordance with the terms and conditions set out in the Rental Services Framework Agreement 1 and the terms and conditions of such implementing agreement shall be fair and reasonable, in accordance with the principles of price fixing stated in the Rental Services Framework Agreement 1 and based on normal commercial terms applicable to the relevant transaction entered into with an independent third party (if available). For further details, please refer to the announcement of the Company dated 14 December 2021 (the "**Announcement**").

The continuing connected transactions contemplated under the Rental Services Framework Agreement 1 are subject to the reporting, announcement and annual review but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(4) On 10 December 2018, the Company and Golden Empire-Huationg Pte. Ltd. ("**GEHT**"), a company incorporated in Singapore with limited liability, entered into a rental services framework agreement (as supplemented by two supplemental letters dated 31 December 2018 and 29 March 2019 respectively) (the "**Previous Rental Services Framework Agreement 2**") for a term of three years from 1 January 2019 to 31 December 2021, subject to the annual cap of S$1,000,000 for each of the three financial years ended 31 December 2021. Pursuant to the Previous Rental Services Framework Agreement 2, the Group agreed to provide construction-related services such as rental of trucks and supply of labour to GEHT and its associates according to actual needs. The principal terms of the Previous Rental Services Framework Agreement 2 include, among others, (i) the pricing policy for the rental fee for each truck and quantity of labour provided; and (ii) the requirement that the Group and GEHT must enter into specific agreements to stipulate specific terms and conditions, including specific scope of service, form of service and payment method, in respect of the relevant services based on the principles as set out in the Previous Rental Services Framework Agreement 2.

GEHT is owned as to 33.33% by an independent third party and 66.67% by Golden Empire, which in turn is owned as to 50% by Mr. Lim, a controlling Shareholder and an executive Director, and 50% by an independent third party. As such, GEHT is a connected person of the Company for the purpose of the Listing Rules.

The continuing connected transactions contemplated under the Previous Rental Services Framework Agreement 2 were subject to the reporting, announcement, annual review and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Previous Rental Services Framework Agreement 2 was approved by the independent Shareholders at the 2019 EGM.

The total annual amount of historical transactions of rental services and labour supply provided by the Group to GEHT for the Year was approximately S$286,000.

As the Previous Rental Services Framework Agreement 2 expired on 31 December 2021, on 14 December 2021, the Company (for and on behalf of the Group) entered into a new rental services framework agreement 2 (the "**Rental Services Framework Agreement 2**") with GEHT in relation to the provision of construction-related services such as rental of truck and supply of labour for a term of three years commencing from 1 January 2022 and shall terminate on 31 December 2024 with an option to renew for a further three years upon expiry with mutual consent by the parties after negotiation, subject to the annual cap of S$300,000 for each of the three financial years ending 31 December 2024. Pursuant to the Rental Services Framework Agreement 2, the relevant parties must enter into a separate implementing agreement to stipulate specific terms and conditions, including specific scope of service, form of service and payment method, in respect of a specific transaction relating to the relevant services based on and in accordance with the terms and conditions set out in the Rental Services Framework Agreement 2 and the terms and conditions of such implementing agreement shall be fair and reasonable, in accordance with the principles of price fixing stated in the Rental Services Framework Agreement 2 and based on normal commercial terms applicable to the relevant transaction entered into with an independent third party (if available). For further details, please refer to the Announcement.

The continuing connected transactions contemplated under the Rental Services Framework Agreement 2 are subject to the reporting, announcement and annual review but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(5) On 29 March 2019, the Company and GEHT entered into an earth disposal framework agreement (as supplemented by a supplemental agreement dated 6 September 2019) (the "**Earth Disposal Framework Agreement**") for a term of three years from 1 January 2019 to 31 December 2021, subject to the annual caps of S$770,000, S$1,000,000 and S$1,000,000 for the three financial years ended 31 December 2021. Pursuant to the Earth Disposal Framework Agreement, GEHT agreed to allow the Group to dispose of excavated earth and soil at the construction sites of GEHT according to actual needs. The principal terms of the Earth Disposal Framework Agreement include, among others, (i) the pricing policy for the quantity of earth and soil disposed of; and (ii) the requirement that the Group and GEHT must enter into specific agreements to stipulate specific terms and conditions and payment method based on the principles as set out in the Earth Disposal Framework Agreement.

GEHT is owned as to 33.33% by an independent third party and 66.67% by Golden Empire, which in turn is owned as to 50% by Mr. Lim, a controlling Shareholder and an executive Director, and 50% by an independent third party. As such, GEHT is a connected person of the Company for the purpose of the Listing Rules.

The continuing connected transactions contemplated under the Earth Disposal Framework Agreement were subject to the reporting, announcement, annual review and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Earth Disposal Framework Agreement was approved by the independent Shareholders at the 2019 EGM.

The total annual amount of historical transactions of disposal services provided by GEHT to the Group for the Year was nil.

(6) On 29 March 2019, the Company and Golden Empire entered into a subcontract agreement (as supplemented by a supplemental agreement dated 6 September 2019) (the "**Subcontract Agreement**") for the period from 9 March 2019 to 31 December 2021, subject to the annual caps of S$3,170,000, S$7,567,000 and S$1,263,000 for the three financial years ended 31 December 2021. Pursuant to the Subcontract Agreement, the Group subcontracted its work under an original subcontract agreement dated 7 March 2019 (the "**Original Subcontract Agreement**") entered into between the Group and an independent third party customer in relation to the provision of surcharge rehandling works for reclamation and marine work at Tuas Western Coast Project to Golden Empire, which agreed to provide surcharge rehandling works for reclamation and marine work at Tuas Western Coast Project to the Group, including the supply of manpower and construction equipment resources including maintenance provisions and a stock of spare parts and consumables, procurement of materials and equipment, spare parts/components and consumables as necessary, checking the operability of the works (as applicable), inspecting and testing resources, making good any deficiencies during the construction period, for the successful completion of the facilities and its operation as well as the provision everything whether of a temporary or permanent nature to permit the successful completion and maintenance of the work. Under the Subcontract Agreement, Golden Empire was charged by the Group a subcontracting commission (the "**Subcontracting Commission**") at approximately 3% of the actual amount invoiced under the Original Subcontract Agreement, as adjusted upwards or downwards based on the scope of works thereunder, which would be invoiced at each relevant milestone. The principal terms of the Subcontract Agreement include, among others, (i) pricing policy for the provision of surcharge rehandling works for reclamation and marine work; and (ii) the specific scope of services, general obligations, ownership and title to the works, and such other terms and conditions as set out in the Subcontract Agreement.

Golden Empire is owned as to 50% by Mr. Lim, a controlling Shareholder and an executive Director, and 50% by an independent third party. As such, Golden Empire is a connected person of the Company for the purpose of the Listing Rules.

The continuing connected transactions contemplated under the Subcontract Agreement were subject to the reporting, announcement, annual review and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Subcontract Agreement was approved by the independent Shareholders at the 2019 EGM.

The total annual amount recognised by the Group in relation to the reclamation and marine works subcontracted to Golden Empire after deducting the Subcontracting Commission for the Year was approximately S$1,261,000.

As the Subcontract Agreement expired on 31 December 2021, on 14 December 2021, Chuan Lim (for and on behalf of the Group) entered into a supplemental agreement (the "**Supplemental Agreement**") with Golden Empire in relation to the provision of surcharge rehandling works for reclamation and marine work at Tuas Western Coast Project to extend the substantial completion date of the works stipulated under the Subcontract Agreement for one year until 31 December 2022. Save as the substantial completion date of the works and the maximum annual amount of the reclamation and marine works subcontracted to Golden Empire after deducting the Subcontracting Commission for the financial year ending 31 December 2022 shall be subject to an annual cap of S$5,000,000, all other terms and conditions under the Subcontract Agreement shall remain the same and applicable. For further details, please refer to the Announcement and the circular of the Company dated 11 January 2022.

The continuing connected transaction contemplated under the Supplemental Agreement is subject to the reporting, announcement, annual review and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Supplemental Agreement was approved by the independent Shareholders at the EGM held on 26 January 2022.

(7) On 10 December 2018, Chuan Lim and Hulett Construction (S) Pte. Ltd. ("**Hulett Construction**"), a company incorporated in Singapore with limited liability, entered into a master lease agreement (the "**Previous Master Lease Agreement**") for a term of three years from 1 January 2019 to 31 December 2021, subject to the annual cap of S$2,600,000 for each of the three financial years ended 31 December 2021. Pursuant to the Previous Master Lease Agreement, Hulett Construction leased to the Company (i) the offices with aggregate floor area of approximately 4,700 square feet; and (ii) workers dormitory (approximately 360 beds), workshops (approximately 38,000 square feet) and parking lots for heavy vehicles (approximately 80 lots), all situated at No. 20 Senoko Drive, Singapore, for a monthly rent of at least S$198,972.01 subject to adjustment based on the increase or decrease of the area of space on the following rates: (a) warehouse, workshop, production space at the rate of S$1.50 per square foot; and (b) ancillary office space at the rate of S$1.70 per square foot.

Hulett Construction is owned as to 65% by Mr. Lim, a controlling Shareholder and an executive Director, and 35% by Ms. Yee, the spouse of Mr. Lim. As such, Hulett Construction is a connected person of the Company for the purpose of the Listing Rules.

The continuing connected transactions contemplated under the Previous Master Lease Agreement were subject to the reporting, announcement and annual review but were exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The total annual amount of historical transactions of rental services provided by Hulett Construction to the Company for the Year was approximately S$2,585,000.

As the Previous Master Lease Agreement expired on 31 December 2021, on 14 December 2021, Chuan Lim entered into a new master lease agreement (the "**Master Lease Agreement**") with GEHT in relation to the provision of rental services for a term of two years commencing from 1 January 2022 and shall terminate on 31 December 2023, subject to the annual cap in respect of the Other Charges (as defined below) of S$1,701,000 for each of the two financial years ending on 31 December 2023. Pursuant to the Master Lease Agreement, Hulett Construction shall lease to Chuan Lim the premises (the "**Premises**") including (i) the warehouse, workshop and production space with aggregate floor area of 37,899.26 square feet; (ii) the ancillary office with aggregate floor area of 4,684.19 square feet; (iii) the workers dormitory (based on availability and actual need of Chuan Lim); and (iv) the parking lots for heavy vehicles (based on availability and actual need of Chuan Lim), all situated at No. 20 Senoko Drive, Singapore, and shall provide the related management services to Chuan Lim. Chuan Lim shall pay to Hulett Construction an aggregated sum of the following components in advance on the first day of each calendar month during the term of the Master Lease Agreement: (a) monthly rent (the "**Monthly Rent**") at the rate of S$64,812.01, which includes the rental of (i) the warehouse/workshop/production space of 37,899.26 square feet at the monthly rate of S$56,848.89; and (ii) the ancillary office of 4,684.19 square feet at the monthly rate of S$7,963.12; and (b) other charges (the "**Other Charges**"), which include the aggregated sums of (i) workers dormitory charges at a rate of S$280 per bed; (ii) parking charges at the rate of S$280 per parking lot; and (iii) charges for the utilities and management services provided to the Premises and used by Chuan Lim or any occupiers thereof, all of which shall be adjusted and calculated on a monthly basis based on the actual usage by Chuan Lim. For further details, please refer to the Announcement.

As the Group shall recognise the Monthly Rent payable under the Master Lease Agreement as an acquisition of right-of-use asset under International Financial Reporting Standard 16 *Leases* issued by the International Accounting Standards Board, such acquisition will constitute a one-off connected transaction for the Group under Chapter 14A of the Listing Rules. On the other hand, the payment of the Other Charges under the Master Lease Agreement, which shall be recognized as expenses in the Group's profit and loss accounts in the periods in which they are incurred, shall be regarded as continuing connected transactions for the Group under Chapter 14A of the Listing Rules.

The connected transaction and the continuing connected transactions contemplated under the Master Lease Agreement are subject to the reporting, announcement and annual review but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(8) On 29 March 2019, the Company and Cheng Yap Construction Pte. Ltd. ("**Cheng Yap**"), a company incorporated in Singapore with limited liability, entered into a machinery rental framework agreement (the "**Machinery Rental Framework Agreement**") for a term of three years from 1 January 2019 to 31 December 2021, subject to the annual cap of S$1,000,000 for each of the three financial years ended 31 December 2021. Pursuant to the Machinery Rental Framework Agreement, Cheng Yap agreed to lease construction machinery such as tipper trucks, excavators and hydraulic breakers to the Group. The principal terms of the Machinery Rental Framework Agreement include, among others, (i) the pricing policy for the rental fee for each machinery provided; and (ii) the requirement that the Group and Cheng Yap must enter into specific agreements to stipulate specific terms and conditions, including specific scope of service, form of service and payment method, in respect of the relevant services based on the principles as set out in the Machinery Rental Framework Agreement.

Cheng Yap is owned as to 100% by Mr. Lim Cheng Yap, a brother of Mr. Lim. As such, Cheng Yap is a connected person of the Company for the purpose of the Listing Rules.

The continuing connected transactions contemplated under the Machinery Rental Framework Agreement were subject to the reporting, announcement and annual review but were exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The total annual amount of historical transactions of rental services provided by Cheng Yap to the Group for the Year was approximately S$79,000.

The price and terms of the respective continuing connected transactions mentioned in paragraphs (1) to (8) above were determined in accordance with the respective pricing policies and guidelines as disclosed in the relevant announcements and circulars of the Company. The independent non-executive Directors have reviewed those continuing connected transactions and confirmed that such transactions were entered into:

– in the ordinary and usual course of business of the Group;

– on normal commercial terms or better; and

– according to their respective agreements governing them on terms that were fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company engaged the Auditor to report on the Group's continuing connected transactions for the Year in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* as promulgated by the International Auditing and Assurance Standards Board and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued an unqualified letter to the Board containing its findings and conclusions in respect of the above continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the said unqualified letter has been provided by the Company to the Stock Exchange.

The Group has complied with the disclosure requirements in relation to the above connected and continuing connected transactions in accordance with Chapter 14A of the Listing Rules. Apart from those transactions, the Group has not entered into any other connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to Chapter 14A of the Listing Rules.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

The followings are the details of the advances to the entities and the financial assistances and guarantees given for facilities granted to the Company's joint ventures and associated companies (collectively, the "**affiliated companies**") as at 31 December 2021 disclosed pursuant to rules 13.13 and 13.16 of the Listing Rules:

Pursuant to the major transaction in relation to the formation of JV Company, details of which are disclosed in the section headed "Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures and Discloseable Transactions during the Reporting Year" on pages 20 and 21 of this annual report, on 7 May 2021, each of Longlands, Mr. Tng and Mr. Yang entered into a shareholder's loan agreement with the JV Company, pursuant to which the balance of the capital contribution to the JV Company payable by each of Longlands, Mr. Tng and Mr. Yang shall be made by way of unsecured interest-free shareholders' loans in the amount of not more than S$16,900,000 for the purpose of financing the redevelopment project of the Maxwell House. The amount of the contribution was determined based on the cash contribution or commitment towards the capital needs for the proposed redevelopment project of Maxwell House (being an amount in the range of 20% to 27% of the total estimated capital needs for the proposed redevelopment project of Maxwell House). The unsecured interest-free shareholders' loans are repayable on demand. 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.

As at 31 December 2021, the Group gave advances to the entities, as well as the financial assistances and guarantees to the affiliated companies as set out below:

	2021 **S$'000**	2020 S$'000
Amount due by the affiliated companies *(Note)*	**6,936**	–
Guarantees given for the affiliated companies in respect of banking and other credit facilities	**–**	–
Commitments to capital injections and loan contributions	**9,964**	–

Note: The advances are unsecured interest-free shareholders' loans, which are repayable on demand.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of the affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 31 December 2021 are presented as follows:

	Combined statement of financial position S$'000	The Group's attributable interests S$'000
Non-current assets	22,531	7,502
Current assets	222	74
Current liabilities	(22,422)	(7,467)
Total assets less current liabilities	331	109
Non-current liabilities	–	–
Net assets	331	109

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2021.

REMUNERATION POLICY AND LONG-TERM INCENTIVE SCHEMES

The Remuneration Policy is set out on page 25 and pages 41 and 42 of this annual report respectively.

The Company has adopted the Share Option Scheme as an appropriate long-term incentive to the Directors and the eligible employees of the Group, details of which are set out in the section headed "Share Option Scheme" above.

PENSION SCHEME

The Group participates in the Central Provident Fund Scheme ("**CPF Scheme**"), which is a defined contribution pension scheme in Singapore. The CPF Scheme is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement.

Pursuant to the Central Provident Fund Act, laws of Singapore, an employer is obliged to make central provident fund ("**CPF**") contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service or apprenticeship or in an employment in respect of which CPF contributions are payable under the relevant regulations (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception to owners who have not been exempted from the relevant provisions of the CPF Act).

CPF contributions are required for both ordinary wages and additional wages (subject to an ordinary wage ceiling and a yearly additional wage ceiling) of an employee at the applicable prescribed rates which are dependent on, among others, the amount of monthly wages and the age of the employee. An employer must pay both the employer's and employee's share of the monthly CPF contributions. However, an employer can recover an employee's share of CPF contributions from his/her wages when the contributions are paid for that month.

The total costs charged to profit or loss, amounting to approximately S$664,000 for the Year, represent the CPF contributions paid by the Group. As at 31 December 2021, all due CPF contributions were paid.

Save as aforesaid, the Group did not participate in any other pension schemes during the Year.

EMOLUMENTS OF DIRECTORS, SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directos, the Senior Management and the five individuals with highest emoluments of the Group are set out in Note 8 of the Consolidated Financial Statements. The five highest paid individuals of the Group for the Year included 4 Directors and 1 Senior Management. The remuneration of the Senior Management for the Year is as presented in the table below:

Remuneration band	**Number of individual**
Nil – HK$1,000,000	2
HK$1,000,001 – HK$1,500,000	1

No Director waived or agreed to waive any emoluments during the Year.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

SUFFICIENCY OF PUBLIC FLOAT

During the Year and up to the date of this annual report, 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.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" of this annual report.

In the opinion of the Directors, save as disclosed on page 30 of this annual report, the Company has complied with the CG Code throughout the Year.

AUDITORS

BDO Limited ("**BDO**"), which had been serving the Company continuously for 5 years, retired as the Auditor at the conclusion of the 2021 AGM and EY has been appointed as the Auditor with effect from 24 May 2021 following the retirement of BDO to hold office until the conclusion of the next AGM.

The Consolidated Financial Statements are audited by the EY, who shall retire and, being eligible, has offered itself for re-appointment in the forthcoming AGM. A resolution for its re-appointment as the Auditor will be proposed at the forthcoming AGM.

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 annual report:

(a) At the EGM held on 26 January 2022, the continuing connected transaction contemplated under the Supplemental Agreement, details of which are set out in the section headed "Related Party Transactions and Connected Transactions" above, 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" on page 25 of this annual report. The Litigation has no material impact on the business operation and the financial position of the Company.

On behalf of the Board

Phang Yew Kiat
Chairman and Non-executive Director
31 March 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

OVERVIEW

The Group is pleased to present this Environmental, Social and Governance ("**ESG**") report (the "**ESG Report**") to provide an overview of the ESG principles, policies and achievements of the Group.

REPORTING PERIOD AND SCOPE

The information stated in this ESG Report spans from 1 January 2021 to 31 December 2021 which aligns with the financial year as this annual report. Unless otherwise specified, the scope of this ESG Report covers the Group's business segments relating to the provision of earthworks and ancillary services as well as general construction works in Singapore, where its principal business operations are located.

This ESG Report discloses the Group's policies, compliance issues as well as key performance indicators ("**KPIs**") which are collected and included under the Group's direct operational control companies and subsidiaries. Detailed contents in this ESG Report are formulated with reference to materiality assessment, stakeholder engagement and other relevant disclosure guidelines.

Recognising the need to prioritise environmental and social responsibilities, the Group continues to identify ways to improve its environmental management system. In addition to achieving our business objectives, we recognise our responsibility to operate in a more responsible and sustainable manner by integrating ESG considerations into our day-to-day operations.

REPORTING STANDARDS

This ESG Report is compiled in accordance with the provisions set out in the Environmental, Social and Governance Reporting Guide (the "**Guide**") under Appendix 27 to the Listing Rules.

CONFIRMATION AND APPROVAL

All the data cited in the ESG Report is sourced from the Group's official documents, statistical data and management and operational information collected under the Group's system, in hopes of ensuring the accuracy and reliability of the information presented in the ESG Report. This ESG Report was approved by the Board.

OPINION AND FEEDBACK

We value the opinions and feedback of all stakeholders. Your valuable feedback on both the contents and the format of this ESG Report helps the Group seek continuous improvement. If you have any questions or suggestions, please do not hesitate to email your ideas to chuanlc@singnet.com.sg. It would be useful in enhancing our ESG performance.

MESSAGE FROM CHAIRMAN

To all stakeholders,

On behalf of the Board, I am pleased to present the Group's 2021 ESG Report, which sets out our sustainability intentions, actions and achievements.

2021 was another tough year which presented much challenges, including the continuation of COVID-19 and global supply chain disturbances. Looking back on the previous year, the Group fully implemented the concept of sustainable development while maintaining stable business operation, and constantly strived for low-carbon and harmonious development of economy, environment and society.

Amid the challenging environment, the Group continued to address the interest of our stakeholders, integrating sustainability while maintaining business resilience through adopting a multi-pronged approach. Holding the belief that building a sustainable business is vital to our continued success, we have focused our efforts on resource efficiency and green building development, while keeping abreast of industry best practices to responsibly manage our environmental footprint over the years. We are also committed to establishing a livable and eco-friendly environment to accomplish a win-win situation for environmental quality and green ecology.

Upholding "people-oriented" as our core value, we have adopted a proactive approach in safeguarding our employees and on-site workers during the Year. To maintain a healthy and safe working environment, our management has closely monitored the development of the pandemic to prevent the spread of COVID-19 and devised various health guidelines and safety measures to protect our employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Guided by the Green and Gracious principles, we also organised our approach and green initiatives to provide a pleasurable environment in the neighbourhood of our projects and the public:

- **G**iving training to our employees to ensure adequate knowledge of Green and Gracious Practices
- **R**educing, reusing and recycling of our materials and wastes
- **E**nsuring efficient usage of our electricity, diesel and water
- **E**nsuring air and water pollution are managed
- **N**eatness at sites for good housekeeping
- **G**iving a safe work environment to all employees and the public
- **R**educing traffic obstruction to the public
- **A**ccess that is safe, clean and unobstructed
- **C**ommunicating with neighbours on major project milestones
- **I**nitiating feedback from neighbours
- **O**nboard training to new employees
- **U**sing technology and measures to reduce noise and vibration
- **S**ystem in place to manage manpower recruitment, welfare, performance, rewards and compensation

As we drive business growth, we uphold our commitment to delivering quality products and services with first-rate operation practices, whilst creating long-term positive values for our stakeholders and communities. During the Reporting Year, our contractor grade was upgraded from B1 to A2 for both general building and civil engineering workheads by the BCA. With this upgrade, the limit of the project values to which the Group is eligible in the public sector construction tenders will significantly increase from S$45 million to S$95 million, manifesting our promising performance in business operations. Our management shall not cease to integrate green elements into our operations so as to address environmental and social aspects, and we will continue to comply with relevant laws and regulations with the aim of building an excellent enterprise.

On behalf of the Group, I would like to take this opportunity to extend my gratitude to the Board, management team and my colleagues for their contributions and hard work in contributing to sustainable development of the Group. Facing the new landscape and new challenges ahead, we will ride on the opportunities, working together on our hard-working footprint in the previous years, and continuously joining hands to enhance our momentum in 2022.

Chuan Holdings Limited
Phang Yew Kiat
Chairman and Non-executive Director

INTRODUCTION TO THE GROUP

The Group is a leading construction contractor in Singapore which is principally engaged in offering quality earthworks and ancillary services and general construction works. The Group focuses on sustainability performance, creating balance between social, environmental and economic developments, while striving to meet the needs of stakeholders and the community.

OUR SUSTAINABILITY VISION

Sustainability is a core part of our business at the Group. Our principles of sustainable development guide our business activities through the entire operation cycle from construction to operations and management.

As the construction industry plays an important role in the global initiative to reduce emissions and mitigate climate change, we have actively taken steps to mitigate the negative impacts caused by construction works and provide a pleasurable environment in the neighbourhood of our projects and the public. Propelling the Group's sustainability initiatives, we have deployed sustainable measures from all grounds, whilst trying our best to create a pleasant and people-oriented working environment and deliver quality projects and services to our customers. At the same time, we endeavour to achieve the sustainable growth for all our stakeholders.

In order to further improve the overall performance in ESG aspects, we pay close attention to the latest trends and regulations in corporate governance and acknowledge the Stock Exchange's consultation paper "Review of Corporate Governance Code and Related Listing Rules", which mainly covers the Group's principal business activities in Singapore during the Reporting Year.

ESG GOVERNANCE STRUCTURE

We believe that having a well-established corporate governance structure is essential to support the fulfilment of the ESG objectives. Therefore, the Board established the ESG Taskforce, including an executive Director, the ESG team and core members from different departments of the Group. The ESG taskforce is of utmost importance to provide strategic guidance to operations, while the Board oversees the Group's ESG-related issues, namely business direction, corporate governance, financial performance, as well as sustainability approaches.

The ESG Taskforce is delegated by the Board with the following duties and responsibilities:

- To identify and prioritise the important ESG-related matters to make sure good allocation of resources
- To formulate ESG-related strategies, frameworks and policies of the Group in order to attain the ESG-related goals and targets and report to the Board on the progress and effectiveness of the development and implementation
- To review and provide suggestions to the Board for approval on the preparation and disclosures of the ESG Report of the Company in accordance with all applicable laws, rules and regulations
- To review the effectiveness of policies and measures by regularly monitoring KPIs and setting targets

The ESG Taskforce holds regular meetings to discuss ESG-related issues, and may invite any members of the Group or external professional advisors, to attend the meetings for sharing. At the same time, sufficient resources and information have been provided to the ESG Taskforce in a timely manner to support the fulfilment of its duties.

1. Reporting Principles

Materiality, Quantitative, Balance and Consistency

When preparing the ESG Report, the Group adheres to the four principles of materiality, quantitative, balance and consistency, in hopes of reflecting its ESG performance precisely to the stakeholders. The Group identifies each of the material issues in respect of environment, society and governance that might affect its businesses or stakeholders.

REPORTING PRINCIPLES	THE GROUP'S APPLICATION
MATERIALITY	The Group maintains good communications with all stakeholders to have a better understanding on their concerns about sustainability issues, so that it can determine the importance of each issue through materiality assessment and disclose information which is significant and relevant to the stakeholders.
QUANTITATIVE	The Group keeps records of and discloses the KPIs in a quantitative manner, whilst providing interpretation and comparative data to facilitate easy understanding. The quantitative data disclosed helps readers to evaluate with the Group's ESG performance. For example, greenhouse gas ("GHG") emissions are reported according to the international standard ISO14064.
BALANCE	The Group provides an objective, unbiased and accurate description of its overall performance in ESG aspects, in order to give a full picture of both positive and negative impacts and ensure all stakeholders can have reasonable assessment after reading the ESG Report. The data quoted in this ESG Report are mainly derived from the statistical report and relevant documents during the Reporting Year.
CONSISTENCY	The Group's management believes that adopting consistent statistical methodology is necessary to facilitate year-on-year comparison of the Group's performance by the stakeholders, unless otherwise specified. The Group closely aligns with the Guide during the preparation process of the ESG Report.

2. Sustainability Performance Review

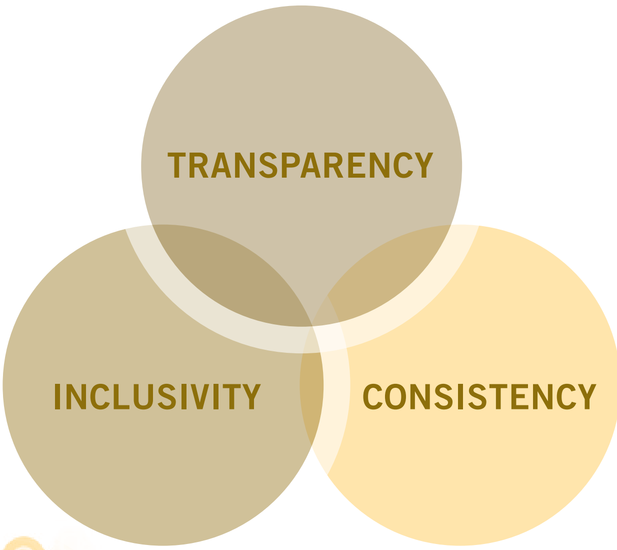
Looking back at the Group's 2021 ESG performance, in terms of environmental aspect, we endeavoured to reduce energy consumption and waste emissions, while collaborating with clients and suppliers to adopt an environmentally friendly approach and achieve sustainable development. In terms of social aspect, the Group thoroughly fulfilled its corporate social responsibility and was committed to caring for society, actively helping underprivileged groups in society and conducting charitable activities, namely community empowerment and youth development. In terms of governance aspect, we had a well-established corporate governance structure to ensure compliance and built up an initial ESG governance structure. We were committed to maintaining an ethical business code, which is a key to sustainable business operations.

3. Our Approach to Sustainability

a. Stakeholder Engagement

At the Group, we attach great importance, and strive to maintain a close relationship and direct communication with all internal and external stakeholders, including but not limited to the Shareholders and investors, clients and business partners, employees, suppliers, subcontractors, media and the public. In doing so, we believe that it is crucial to adopt a proactive communication strategy and develop a deep understanding of the stakeholders' concerns, especially on the Group's ESG performance, while encouraging suggestions and conducting effective communication and responses. Adhering to the following three principles, we have developed diversified channels and engagement measures to maintain good communications with the stakeholders.

Strive to disclose all information the stakeholders concern



Cover diversified stakeholder groups to collect different opinions

Regularly and consistently communicate with the stakeholders to make sure their concerns are always addressed

i. *Stakeholders and Communication Channels*

Stakeholder Groups	Engagement Channels	Concerns
Government and regulatory authorities	• Officers' site inspection • Meetings with officials • Consultation on regulations and policies	• Occupational safety • Environmental impact
Shareholders and investors	• General meetings and other shareholder meetings • Annual and interim reports • Announcements, notices, circulars and publications on websites of the Stock Exchange and the Company • Investor enquiries • Investor meetings	• Financial results • Business performance • Prospects • Corporate governance • Sustainable development strategy
Employees	• Employee feedback • Training programmes and staff meetings • Regular performance reviews • Staff activities	• Remuneration and welfare • Training and promotion opportunities • Working environment • Occupational health and safety
Clients	• Support hotline • Company's website	• Service quality • Delivery schedules • Cost control • Safety Management
Business partners, suppliers and subcontractors	• Industrial events and supplier meetings • Ongoing direct engagements	• Long-term partnership • Fair trade • Payment time
Community	• Voluntary activities	• Community welfare
Media	• Media enquiries • Media interviews • Annual reports • ESG reports • Company's website	• Financial results • Business performance • Prospects • Corporate governance • Sustainable development strategy

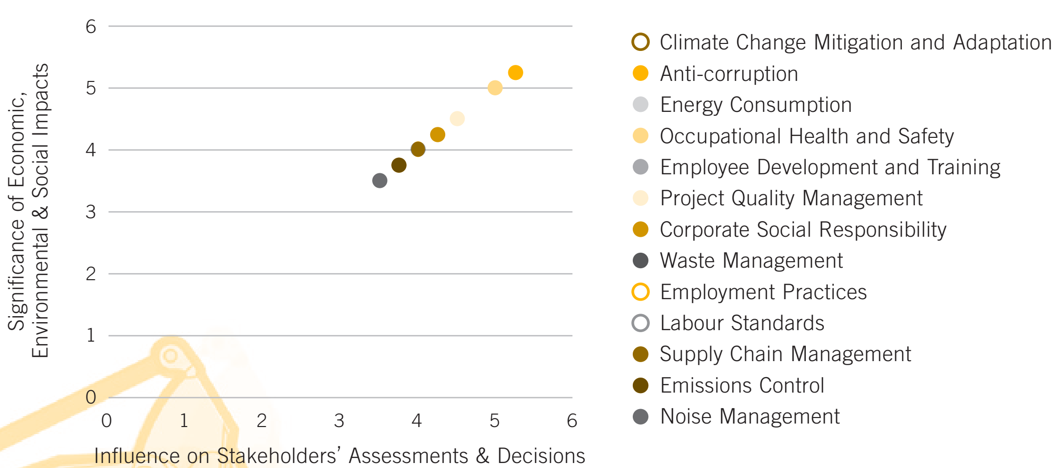
ii. Materiality Assessment

To follow the reporting principle of materiality in the Guide and to better manage its sustainability risks, the Group conducted a stakeholder survey during the Reporting Year. The questionnaire was prepared to collect information from relevant departments of the Group, and its sub-contractors and suppliers, in order to identify the importance of the ESG topics identified by the Board to the Group's businesses. The expectations of the stakeholders on the Group's disclosure of ESG issues and potential material issues were identified and prioritised accordingly. We received responses from the stakeholders and compiled the following materiality assessment matrix, which the most important issues were placed at the top right-hand corner of the chart. Given that the materiality assessment matrix is based on an analysis and summary of the materiality assessment results of various stakeholders, it plays an important guiding role in the Company's upcoming ESG works.

Among the material issues, the stakeholders think that climate change mitigation and adaptation and anti-corruption are the most important topics of the Group's ESG.

Materiality	Issue
Extremely material	Climate Change Mitigation and Adaptation Anti-corruption Energy Consumption Occupational Health and Safety
Significantly material	Employee Development and Training Project Quality Management Corporate Social Responsibility Waste Management Employment Practices Labour Standards Supply Chain Management
Material	Emissions Control Noise Management

The Group's Material ESG Issues



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL ENGAGEMENT

1. Tackling Climate Change

Climate change has been one of the pressing issues in the global community. Recognising the significant impact of climate change on the ecological environment, the Group endeavours to maintain environmentally friendly and low-carbon emission business operation to address global climate change issue.

Countries spare no efforts to accelerate the transition into a net-zero economy to further protect the ecosystem and the society from the devastating impacts of climate change. Meanwhile, the Group has been closely monitoring the risk and grasping the opportunities arisen from climate change, while addressing the key climate-related risk, which enables the Group to smoothly transform and thrive in a low-carbon economy.

One of the consequences of climate change is extreme weather events, namely hurricanes, flooding, heavy rain and typhoon, which can pose additional workplace risks for workers, especially those working in outdoor environments. This may also affect our ability to meet our customer's demand, ultimately affecting the Group's relationship with the customers. To address the risk, contingency measures that encompass a variety of weather-related events have been implemented to reduce the acute physical risk.

The Group also takes transition risk into account. For example, the business environment is subject to regulatory changes, so the Group strives to adapt to any changes in climate-change policy. During this Reporting Year, the Group was not aware of any third-party litigations on climate change or incompliance with climate-related laws. Meanwhile, when public awareness on climate change increases, consumers or clients tend to select companies that offer environmentally friendly products. The Group may consider to explore raw materials which are more environmentally friendly and closely monitor the market risk arisen from the change in customer preference.

2. Environmentally Friendly Operation Policies

The Group is committed to promoting sustainable development and practicing environmental protection to fulfill the social responsibilities as a corporate citizen. To play a part in building a better environmentally friendly society, the Group has strictly adhered to the requirements stipulated by ISO 14001 (Environmental Management System) to which the Group is certified, and formulated multiple environmental management policies and measures to minimise the damages its operations have caused to the environment and natural resources. The Group endeavours to foster efficient use of resources and enhance green awareness within the organisation, while following environmentally friendly management practices and supporting charitable events to build a green living environment.

The Group strictly complied with all applicable environmental protection laws and regulations, such as the Environmental Protection and Management Act and Environmental Public Health Act, and had no case of prosecution due to violation of the relevant environmental protection laws; or in relations to air and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that had significant impact to the Group during the Reporting Year.

GREEN OPERATION

1. Energy and Carbon Emission Management

Air Pollution Control

Air and GHG emissions

Climate change is a global challenge that affects communities and businesses as a whole. One of the consequences of climate change is extreme weather events, such as hurricanes and flooding which may affect the Group's daily operations. The Group has run an environmentally friendly and low-carbon emission business to help fight against global climate change.

The fuel combustion of machineries and equipment at construction sites of the Group contributes to the emission of GHGs. The Group has formulated and implemented relevant policies related to air and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous waste, and has followed the construction advices of main contractors to adopt all appropriate mitigation measures, which are used to reduce the emission of the air pollutants such as nitrogen oxide (NOx), sulphur oxide (SOx) and particulate matter (PM) etc. in the construction projects and daily operations, which include:

(i) Give priority to environmentally friendly machineries and equipment, and avoid using machines and equipment which generate excessive emissions, while adopting dark smoke management to prevent excessive dark smoke emissions. Every fuel-burning machine such as air compressors must be examined by an appointed examiner before it is put into use, and those identified as defective fuel-burning equipment will be replaced. In addition, engines of stationary vehicles are switched off promptly when not in use, and illegal open burning of refuse in construction sites is banned;

(ii) With the aim to cut down construction dust, adopt appropriate dust management measures for its construction works, including:

- Provide effective dust screens, sheeting or netting to enclose any scaffolding built around the perimeter of a building;

- Ensure vehicles are properly covered with canvas before leaving construction sites;

- Cover or shelter any stockpile of dusty materials with canvas;

- Store and remove all construction debris in proper ways; and

- Provide vehicle washing facilities at all site exits to wash away any dusty materials from vehicle body and wheels before they leave the site.

(iii) Strictly monitor all possible sources of chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs) through disposing air-conditioners and refrigerators which are previously used by the staff;

(iv) Generate limited amount of GHG emissions, which mainly arise from diesel consumption of vehicles, consumption of electricity at the office and disposal of paper. During the Year, the total GHG emissions of the Group amounted to approximately 21,723.39 tonnes of carbon dioxide equivalent ("**tCO_2e**") and the total GHG emissions per employee was approximately 42.02 tCO_2e. The detailed summary of the Group's GHG emissions is shown below; and

(v) Reduce the direct and indirect GHG emissions by adopting the following environmentally friendly measures:

Direct GHG emissions from diesel consumption

- Optimise time schedule for machinery usage;
- Ensure efficient use of diesel and promising engine performance through regular checking and maintenance of machines;
- Adopt high efficiency or energy-saving equipment e.g. environmentally friendly tipper trucks with Euro 6 standards; and
- Enhance energy-saving and emission reduction awareness among the staff through organising campaigns and arranging promotion notices regularly.

Energy indirect GHG emissions

- Recognising that electricity is the major source of energy indirect GHG emissions, the Group educates all staff about the efficient use of electricity through putting up notices and flyers, thus achieving the goal of reducing carbon footprint.

Other indirect GHG emissions

- Recognising that paper disposal is the major source of other indirect GHG emissions, the Group educates all staff about the efficient use of paper in office, thus achieving the goal of reducing carbon footprint.

During the Year, the amount of NOx, SOx and PM generated from the Group's operations was approximately 80.5314 tonnes, 0.087 tonnes and 5.6857 tonnes respectively. The Group targets to gradually reduce the air emissions intensity over the next five years, using 2021 as the baseline year.

The Group's GHG emissions performance during the Year is summarised as follows:

GHG Scope[1]	GHG Emissions Amount and Intensity			
	Quantity – tCO_2e		Intensity – tCO_2e per employee[2]	
	2021	2020	**2021**	2020
Scope 1: Direct GHG emissions – diesel consumption	**21,456.18**	16,108.4	**41.50**	32.9
Scope 2: Energy indirect GHG emissions – electricity consumption	**259.28**	282.5	**0.50**	0.6
Scope 3: Other indirect GHG emissions – paper disposal	**7.93**	6.4	**0.02**	0.01
Total GHG emissions	**21,723.39**	16,397.3	**42.02**	33.51

Notes:

(1) GHG emission data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Electricity Grid Emissions Factors and Upstream Fugitive Methane Emission Factor" issued by the Energy Market Authority of Singapore, "How to prepare an ESG Report-Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the global warming potential in the "Fifth Assessment Report" issued by the Intergovernmental panel on Climate Change.

(2) As at 31 December 2021, the total number of full-time employees of the Group was 517 (2020: 489). The data is also used for calculating other intensity data.

The Group targets to gradually reduce the GHG emission over the next five years, using 2021 as the baseline year. To maintain the emission reduction targets in the future, the Group will continue to record and monitor the GHG emissions and other relevant environmental data from time to time, while enhancing staff awareness on the issue with the application of notice and poster.

2. Energy Saving Management Implementation

Energy Consumption

Energy consumption is one of the material environmental issues to the Group, whilst its energy consumption mainly comes from diesel and electricity consumption. The Group has always been committed to promoting the environmental protection performance and reducing energy consumption, by actively seeking energy-saving opportunities and formulating environmental control procedures and policies to optimise energy performance at our head office. We advocate the use of energy-saving, efficient and environmentally friendly construction equipment, tools and office appliances recommended by the state and industry. We also adopt various energy-saving measures based on the construction requirements of the general contractor and the developer. In addition, we constantly update the latest news on environmental protection to optimise existing services and reduce environmental pollution.

Energy Saving

For effective and efficient energy management, the Group has developed relevant policies and has implemented different measures to conserve energy. In terms of procurement, the Group prioritises the equipment and appliances that are certified with energy efficiency labels. In terms of outside work, the Group designates workers to switch off all idle machines and unnecessary powered equipment at the end of every day. The Group also requires site supervision staff to record the energy usage of electricity and fuel consumption for checking irregularities. In case of any abnormality, site staff shall report to the environmental officers and implement corrective measures immediately. In terms of office operation, the following measures have been drawn up by the management:

- Procure energy-efficient office equipment such as LED T5 light and energy saving refrigerators to enhance energy saving;
- Reduce lighting provisions in non-working areas;
- Set and maintain air-conditioned room temperature between 24°C and 26°C in summer, and also install roller blinds to reduce heat in the office and reduce the use of air-conditioning;
- Carry out regular maintenance on office equipment for optimal energy efficiency performance;
- When leaving office, arrange for the last-man-out to check and switch off the power sources to all air-conditioning, lighting and office equipment that are not in use;
- Use appliances with timer control or automatically switch-off control functions to avoid leaving appliances in standby mode for a long period; and
- Use automatically switch-on-and off lights for common area with the use of timer.

The Group's energy consumption in diesel and electricity during the Year is shown as below:

Energy Type	Energy Consumption Amount and Intensity			
	Quantity – kWh		Intensity – kWh per employee	
	2021	2020	**2021**	2020
Direct energy consumption				
–Diesel	**87,310,123.5**	65,541,556.7	**168,878.4**	134,031.8
Indirect energy consumption				
–Electricity	**634,709.6**	691,451.2	**1,227.7**	1,414.0
Total energy consumption	**87,944,833.1**	66,233,007.9	**170,106.1**	135,445.8

The Group targets to gradually reduce the energy consumption over the next five years, using 2021 as the baseline year. The Group will continue to assess and record its energy consumption and compare it with last year's data for developing emission reduction's KPI in the future.

3. Water Resource Management

Water consumption and wastewater management is another material environmental topic. To strengthen the management and protection of water resources, the Group has developed relevant policy and measures for governing water consumption and has instructed project managers to strictly control sewage discharge, and to adhere to the objective of "save water, use water wisely". In addition, the Group is also dedicated to raising the employees' awareness of water conservation through publicising water resource management measures to employees during trainings. Meanwhile, the Group also strengthens the maintenance, inspection and management of water-consuming equipment to avoid leakage caused by pipeline damage, thus achieving the purpose of water conservation.

During the Year, the majority of the Group's water came from Singapore government's water supply system, and it did not encounter any issues in sourcing water that was fit for purpose. Also, various initiatives were introduced across our operations to improve water stewardship. The Group did not consume large amount of water through its business activities, striving to conserve water resources from its operations while establishing a set of procedures to prevent pollution of surface water, public sewer and rainwater-drain:

(i) Silt control measures:

For all the Group's projects, there are designated locations and treatment for silt control and debris from the worksites before discharging to public drain or adjacent premises, and silt traps are maintained regularly.

(ii) Vehicle washing bay:

All of the Group's vehicles are washed immediately with high-pressure water jets before the employees leave the construction sites. The construction team makes sure that the washing bay is maintained and checked regularly, whilst the silt accumulated should be cleared periodically.

(iii) Control of oil, diesel or chemical spillage:

Any potential problems arisen from oil, diesel and chemicals in the construction sites must be identified and rectified as soon as possible. Diesel tanks should be kept away from the surface drain, and the amount of diesel used at the construction sites should be closely monitored to reduce wastage.

(iv) Sewerage system:

Licensed sanitary plumbers are employed at all construction sites to design temporary sanitary and water supply requirements in different places, which include site office, canteen and worker's quarter (if applicable). Surface run-off from construction sites must be discharged into storm drains via specifically designed sand/silt removal facilities such as sand traps, silt traps and sediment basins. The Group provides channels, earth bunds or sandbag barriers on site to direct stormwater to such silt removal facilities, and also provides perimeter channels at site boundaries where necessary to intercept storm run-off from outside the site so that it will not wash across the site.

Water Consumption

The Group mainly relies on city water for general use in construction. The amount of water consumption is recorded in a timely manner for the Group to regularly monitor and review its performance on water usage. Its major initiatives to reduce water consumption include installation of water-saving taps and regular inspections of water containers to prevent water leakage. Measures introduced to minimise water usage are summarised as below:

- Install water-efficient taps with an aerator or flow restrictor to reduce water consumption;
- Post notices to remind the staff to turn off the water tap while lathering and scrubbing hands, then turn it back on to rinse;
- Recycle the wastewater generated from construction site activities; and
- Use water taps for all toilet washing bays.

The Group's water consumption for head office during the Year is as follows:

	Water Consumption Amount and Intensity			
	Quantity – cubic metre		**Intensity – cubic metre per employee**	
	2021	2020	**2021**	2020
Water	**4,341.6**	10,092.1	**8.4**	20.6

The Group targets to gradually reduce the water consumption by next five years. The Group will continue to assess and record its water consumption and compare it with last year's data for developing water consumption reduction target in the future.

4. Waste Management

The Group understands that handling and disposing of waste is an urgent environmental problem in Singapore, and knows that the large amount of construction waste generated on construction sites will place heavy burden on waste disposal facilities. Therefore, the Group promotes waste reduction from the source, assesses the production procedures regularly, identifies the source of waste to reduce the generation of hazardous waste and non-hazardous waste, and recycles waste in a responsible manner. In order to handle construction waste properly, the Group has formulated complete construction waste management plans for various construction projects, including recycling, handling, transferring and disposing of construction waste. During the Year, the Group's waste management practices complied with the relevant laws and regulations regarding relevant environmental protection.

Hazardous Waste

Hazardous waste generated during the Year was mainly comprised of fluorescent lamps, electronic wastes and engine oil, etc., whilst hazardous wastes were generated in the course of operation due to the Group's business nature. During the Year, the amount of fluorescent lamps, electronic wastes and engine oil generated from the Group's operations was approximately 0.005 tonnes, 0.1 tonnes and 27.3 tonnes respectively. The total amount of hazardous waste generated during the Year is 27.405 tonnes, with an intensity of 0.053 tonnes per employee.

Therefore, the Group has established guidelines and policies in governing the management and disposal of hazardous waste. We have strictly complied with the main contractors' waste management measures, for example carrying out separation of hazardous wastes, and puting them into designated containers and storage areas separately. In addition, the Group packs and stores hazardous waste securely with proper labelling of chemical wastes. Although we do not handle disposal of hazardous waste directly ourselves, we have strictly complied with relevant laws and regulations and appointed a licensed waste collector to handle it for us.

Non-hazardous Waste

The non-hazardous waste of the Group's daily operations was mainly generated from construction sites during the Year. With the aim of minimising environmental impacts, the Group has set up a set of procedures to ensure all waste materials are handled properly. The Group has adopted the principle of "Reduce, Reuse, and Recycle" (3Rs) and encouraged its employees to share the responsibility in handling wastes, and established the following procedures:

(i) Make sure sufficient number of containers are placed at the Group's construction sites to segregate our construction wastes (construction wastes are sorted and segregated into four categories (a) general construction wastes such as concrete wastes, earth, clay and debris from excavation; (b) organic wastes such as food wastes; (c) recyclable wastes such as steel scrap and timber; and (d) toxic industrial wastes such as used oil and grease from machinery and equipment, used or leftover paints and chemical wastes). General waste collectors and licensed waste-removing contractors are appointed to only dispose of wastes at authorised dumping ground or disposal facilities. Wastes such as steel or wood are properly recycled whenever possible in order to minimise waste disposal; and

(ii) Foster green office operations, the Group promotes office awareness and engagement with the following measures:

- Place paper saving signs besides the desktop of every employee;
- Place recycling bins in prominent locations of our office;
- Encourage employees to use mugs, glasses, dishes, and cutlery rather than disposables;
- Use mobile devices or overhead projectors to display meeting agendas rather than printing and distributing them;

- Use double-sided printing or photocopying whenever possible;
- Recycle or reuse single-sided documents for printing or as draft paper; and
- Try to go paperless by only printing documents if necessary.

The summary of the Group's non-hazardous waste disposal performance is shown as below:

Non-hazardous Waste Disposal Amount and Intensity control

	Quantity – tonnes		**Intensity control – tonnes per employee**	
	2021	2020	**2021**	2020
General waste	**495.6**	–	**1.0**	–
Paper	**1.7**	1.3	**0.003**	0.002
Total non-hazardous waste	**497.3**	1.3	**1.0**	0.002

Regarding paper usage, the paper disposal from the office was 1,652.81 kilogramme and the intensity control was approximately 3.2 kilogramme per employee during the Year. The Group also encouraged its suppliers and subcontractors to minimise their waste generation, use recyclable materials for packaging and reuse them whenever possible.

The Group targets to gradually reduce the generation of hazardous and non-hazardous wastes over the next five years, using 2021 as the baseline year. To meet its targets, the Group will enhance staff awareness on the issue with the application of notice and poster. Furthermore, the Group will assess the current waste management procedure and waste disposal contracts.

5. Use of Packaging Materials

Due to the Group's business nature, it does not consume a material amount of packaging materials during its daily operation.

EMPLOYMENT AND LABOUR PRACTICE

Recruitment and Promotion

We appreciate the contribution of our employees and consider them as the most important asset. In line with our people-oriented approach, we embrace diverse and inclusive working environment and family-like corporate culture. We also offer equal promotion opportunities for all employees, encouraging open and interactive communication and employees' personal growth. The business nature of the Group heavily relies on foreign workers due to project complexity and time constraint. We also emphasise on equality and anti-discrimination in the workplace.

As of 31 December 2021, the Group had a competent team of 517 employees (local and foreign workers) supporting our business operations, with the majority stationed in Singapore. The detailed breakdown of the Group's employees is set forth below:

	Categories	**2021**		2020	
		Number	**Percentage**	Number	Percentage
Gender	Male	**483**	**93.42%**	464	93.74%
	Female	**34**	**6.58%**	31	6.26%
Age group	Below 30	**124**	**23.98%**	110	22.22%
	30-50	**309**	**59.77%**	303	61.21%
	Above 50	**84**	**16.25%**	82	16.57%
Geographical region	Singapore	**515**	**99.61%**	493	99.60%
	Foreign	**2**	**0.39%**	2	0.40%
Employee type	Full time	**517**	**100%**	492	99.39%
	Part time	**0**	**0%**	3	0.61%

Regarding employee turnover rate as one of the important indicators in human resource management, the Group manages to maintain turnover rate at a reasonable and stable level. The overall turnover rate of employees of the Group for the Year was approximately 25%[3], primarily because many foreign workers returned to their own countries and did not return to Singapore due to lockdown measures during the Reporting Year, leading to cancellation of permit. The detailed breakdown of the Group's employees turnover rate by gender, age group, local (Singaporeans and Singapore permanent residents) and foreign employees and employee type are set forth below:

Percentage of Turnover rate	Categories	2021	
		Number	Percentage
Gender	Male	121	23.40%
	Female	10	1.93%
Age group	Below 30	17	3.29%
	30-50	93	17.99%
	Above 50	21	4.06%
Geographical region	Local	131	25.34%
	Foreign	0	0%
Employee type	Full time	131	25.34%
	Part time	0	0%

Note:

(3) The turnover rate is calculated with the number of employees leaving the Group during the Year over the total number of employees as at 31 December 2021.

Employee Welfare and Working Condition

As our continued business success depends on a motivated and stable labour force, we make huge efforts to attract and retain every passionate individual. Apart from aligning with the local employment laws, we also offer employees highly competitive remuneration packages and a variety of benefits, including discretionary annual performance bonus, insurance, vocation, personal accident insurance and flexible working hours, etc. To safeguard the interests of the employees, we have implemented diversified internal policies to improve our human resources management system, including "Employee Handbook" and "Working Hours and Leave Management Regulations", etc.

We value our employees and work to ensure our workplace is free from any prejudice or discrimination. We adhere to anti-discrimination policies during our recruitment process by adopting a set of formal and transparent procedures based on merit selection against the job criteria. We set out a fair recruitment process based on individual merits, experience and qualifications regardless of gender, age, nationality, ethnicity, religion, disability and sexual orientation. We also strive to improve the working environment in various aspects, organise various team building activities and offer additional allowances for meals and transportation, so as to enhance the sense of belonging of our employees and foster the interaction between them. During the Year, there was no incident of non-compliance with employment related regulations.

Retirement Scheme

As prescribed by the CPF Board of Singapore, the Group's employees employed in the country who are Singapore citizens or permanent residents are required to join the CPF scheme.

Under the CPF Scheme, employees and employers (excluding masters, seamen or apprentice in vessel) are required to make monthly contributions to various CPF accounts. An employer is required to pay both the employer's and employee's share of the monthly CPF contribution. However, an employer can recover the employee's share of CPF contributions from his/her wages when the contributions are paid for that month.

The Group contributes up to 17% of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S$6,000 per month. The total costs charged to profit or loss, amounting to approximately S$664,000 for the Year, represent all contributions paid to the retirement benefits scheme by the Group. The Group did not participate in any other pension scheme during the Year.

Training and Development

Continuous learning is one of our core values. The Group is committed to unleashing the full potential of our employees through arranging training programmes to cater the needs of employees from different departments and at various career stages according to the Group's relevant manual. We endeavour to sharpen our employees skills so that they can perform their duties more effectively, as well as promoting personal development. The Group sponsors eligible employees who seek membership in professional bodies, or pursue external training to enhance job knowledge, increase managerial effectiveness and/or acquire specific job-related skills designed to meet evolving corporate needs. Employees are provided with comprehensive internal training and sponsorships for external training courses including first aid course, application of workplace safety and health in construction sites course and registered earthwork supervisor course.

The Group has implemented a training procedure and relevant policies which form part of its IMS to continuously identify employees' training needs. Training contents are regularly updated to be in line with the industry standard, so that employees can strengthen their basic skills and expertise and gain a better understanding of our business model.

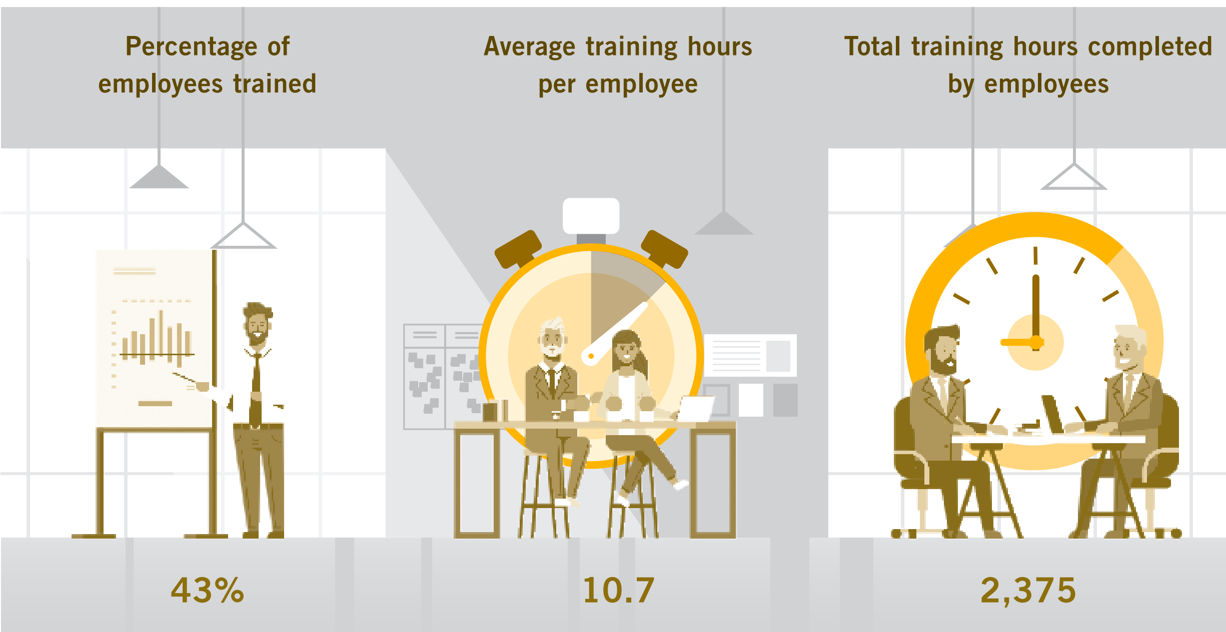
During the Year, the Group arranged multiple types of trainings and courses for the employees to enhance their personal development. The percentage breakdown of employees trained and the average training hours per employee by gender and employee category are as follows:

	Percentage of employees trained (%)[4]	Average training hours per employee (hours)[5]
By Gender		
Male	99.1	10.8
Female	0.9	8.5
By Employee Category		
Executive Directors and Senior Management	1.4	17.6
Management	2.3	13.7
General Staff	96.3	10.7

Notes:

(4) Percentage of employees trained (%) = total employees trained by category/total employees trained*100

(5) Average training hours per employee = total training hours by category/total employees



Employee Health and Occupational Safety

Ensuring occupational health and safety of our employees is always the Group top priority, hence we implement all necessary measures and relevant policies to protect our employees from occupational hazards. On this basis, the Group annually conducts comprehensive identification of hazardous sources and risk assessment, formulates risk control measures to address major source of hazards, and annually conducts various emergency drills.

In addition, the Group annually engages professional testing organisations to conduct assessments of occupational hazards in respect of temperature, noise, air, dust, wind and gas at various job positions. The Group conducts relevant trainings for workers to make sure they understand the requirements and acquire the skills for preventing occupational hazards according to the relevant manual. Meanwhile, the Group regularly performs testing and maintenance of the plant and equipments to ensure their safe and effective operation. The Group also provides its employees with proper personal protective equipment ("**PPE**") to prevent potential work-related accidents, aiming to reduce the impact of occupational hazards on the health of the employees at relevant post.

During the Year, there were 116 working days lost as a result of work injuries. The Group is not aware of any material non-compliance with applicable workplace health and safety regulations that would have a significant impact on the Group, including but not limited to Workplace Safety and Health Act. In the past 3 years, the Group was not aware of any work-related fatality. To prevent recurrence and improve our safety performance, we investigated all incidents and implemented remedial measures as appropriate. The Group continues to strengthen the safety management in the workplace, provide PPE, conduct safety training, and seek to minimise work-related injuries.

The Group demonstrated business resilience as it continued the operations throughout the Year amid the COVID-19 outbreak. During the Year, the Group paid close attention to the latest development of the COVID-19 and regularly updated workers on the latest information, whilst numerous precautionary measures were adopted to safeguard the health and well-being of the staff. The Group offered PPE and medical equipment such as thermometers, disposable gloves, surgical masks and disinfectants to the employees for better protection and prevention. Compulsory body temperature checks and disinfection cleaning across the workplace were conducted every morning, while antigen rapid test ("**ART**") kits were provided to the staff for conducting COVID-19 self-checking every five days, to minimise the risk of COVID-19 outbreak in construction sites and office. Meanwhile, all office staff and site staff were reminded to keep appropriate social distance, whilst educational measures were applied to enhance staff's hygiene awareness.

The measures adopted to minimise the risk of COVID-19 outbreak in construction sites and office include:

Mandatory body temperature check before entering the Group's construction sites and office

Cleaning and disinfecting the Group's construction sites and office regularly to maintain a hygienic and safe working environment

Distributing COVID-19 ART kits to employees regularly

Distributing sufficient PPE such as surgical masks to the employees

Well-being of Employees

Valuing employees' well-being and development, we pay special attention to help them manage stress and emotions, especially in challenging times amid the COVID-19 outbreak. The Group encourages the employees to make good time management and have work-life balance alongside our effort to nurture a warm and collaborative work culture. However, the Group did not organize any relevant campaigns last year, since unnecessary social activities, namely team build activity, dinner and gathering were prohibited due to social distancing rules.

Meanwhile, the Group prohibits the employment of child labour or any other form of forced and illegal labour. Any individual below legal working age or without any identification documents is unqualified for employment. Furthermore, child and forced labour are strictly prohibited during the recruitment process in accordance with Singapore's Employment (Children and Young Persons) Regulations 2000. The Group only recruits the candidate who is able to provide identity proof showing that he/she meets the legal age requirements. The Group's human resources department and the site foremen are responsible for checking and verifying the background, identity and qualification of each new hire. Meanwhile, they also take care of the implementation of the policies, keeping all employment contracts and relevant documentation of the employees. Random check of the records is undertaken by the Board annually as well. The Group also strictly abides by the relevant labour regulations in Singapore regarding working hours and holidays to ensure physical and mental health of all employees. If any employees are identified as child labour or forced labour by the Group, we would take prompt action and terminate their contracts immediately. Depending on the seriousness, the Group may report to the relevant regulatory authorities.

During the Year, the Group was not aware of any material non-compliance or breach of relevant laws and regulations in child labour and forced labour.

OPERATION

1. Supply Chain Management

The Group emphasises sustainable procurement and highly values the sustainable commitment of our suppliers. During the Year, the Group continued to engage environmentally friendly suppliers and subcontractors who incorporated consideration of green supply chain management into business operations. Business ethics is also crucial for sustainable business operations and supply chain management. The Group performs assessments on all our suppliers and subcontractors prior to engagement and inclusion in our approved vendor list. We also regularly evaluate the suppliers' management and practice performance, and blacklist the suppliers with major dishonesty in accordance with prescribed procedures from our approved vendor list.

Based on the principle of fairness and transparency, the Group has established a sophisticated tendering and procurement mechanism for selecting major suppliers or subcontractors. Our internal policy also requires our representatives to evaluate the performance of the suppliers with fairness and most importantly, firmly refuse bribe and commission on sales. The Group strives to review and control the entire supplier or subcontractor selection process and to minimise adverse implications of operations on society and the environment. Suppliers that have a low carbon footprint will be prioritised in the selection process.

To maintain supply chain stability, the Group engages more than one supplier for each project and obtains at least two quotes for each tender. We also continue to evaluate the performance of the suppliers' supply chain periodically and delist those fail to meet our standards.

Meanwhile, sustainability and social responsibility of the suppliers are also considered, in hopes of reducing the social risk of the supply chain. Through regular onsite inspections, the Group monitors the suppliers' or subcontractors' business practices closely to assess whether any material non-compliance happens, whilst prompt action will be carried out to remediate any identified risk.

During the Reporting Year, the Group cooperated with about 125 contractors and subcontractors, of which all of them were based in Singapore. The Group was not aware of any key suppliers that had any actions or practices which had a significant negative impact on business ethics, environmental protection, human rights and labour practices.

We seek to work with the contractors in alignment with our standards of excellence. On an annual basis or during the course of the contract with our suppliers and subcontractors, we monitor their performance based on (i) ability to meet delivery schedules in accordance with contract/purchase orders; (ii) response to repair calls under guarantee periods; (iii) quality of goods and services provided; and (iv) environmental, health and safety performance. Suppliers and subcontractors with unsatisfactory performance will be removed from our approved vendors list.

2. Product Management and Safety

Product Management

The Group strives to strictly follow its internal policies and provide customers with the best quality products and services while at the same time adopting quality assurance and monitoring systems. In order to meet the customers' requirements, we have put in place a well-developed safety and quality management system which enables us to prevent major accidents and provide quality products and services. The Group straightly follows its IMS objectives in relation to the quality aspects of the projects, including achieving average customer satisfaction index of minimum 65% and achieving 100% on-time delivery for all projects (i.e., no liquidated damages imposed).

During the Year, there was no product recalls due to health and safety reasons, nor was there any material written complaint redirected by the Group.

During the Year, the Group not aware of any incident of non-compliance with laws and regulations, including but not limited to Personal Data Protection Act 2012, that had a significant impact on the Group, concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Product Safety

To ensure that all projects meet the relevant safety standards, the Group regularly conducts product testing with specific and effective methods. We develop testing and inspection plans for different stages of the construction projects, and run various appropriate tests in accordance with the relevant contractual provisions upon completion of projects; of which, quality control tests cover a wide range of areas to ensure the quality and safety of the products in all aspects.

We carry out in-process inspection to ensure that project specifications are met. Non-conformance to the specifications requires rework or repair which is subsequently subject to re-inspection before proceeding to the next stage of work.

Upon completion of projects, we conduct a final check before arranging handover to our customers to ensure that all control levels are in accordance with project specifications for our earthwork projects and quality of the finishes (such as paint, plaster or tiling works) with no visual defects, for instance, misalignment, discolouration, stain or water mark for our general construction works. All inspection records are properly filed.

3. Customer Information and Intellectual Property

Customer Information

As a responsible company, the Group focuses on information security and confidentiality, all employees are required to comply with the privacy policy regarding personal data to protect the customer data. The Group stands by the confidentiality clause in the signed contract with the customers, ensuring that the information and documents provided by the customers would be properly stored.

The Group is highly aware of the importance in protection of customers' data privacy as its business frequently involves handling customers' confidential information, and closely adheres to the relevant laws in Singapore. Internal guidelines are provided to our staff in how to collect, process and use the customers' personal and confidential information. Unless authorisation from the customers has been obtained, no customer information would be provided to the third parties. Meanwhile, restrictions on software installation and limitations have been created on the business network, so as to prevent unauthorised access, use and export of the customer data. During the Year, the Group did not receive any material written complaint regarding customers' data privacy issue from its customers.

Intellectual Property

To safeguard intellectual property rights, the Group has registered "Chuan Holdings Limited" trademark in Hong Kong with the expiry date on 4 February 2026 while the logo of Chuan Lim Construction Pte Ltd in Singapore will expire on 31 August 2025. In addition, Chuan Lim is also the registrant of the domain name www.chuanholdings.com and has renewed the registration which will expire on 28 January 2024. We will monitor and keep track of the validity of trademarks and domain names, and shall take the necessary actions to protect our intellectual property rights.

In addition, to protect third party intellectual property rights and comply with relevant licensing terms when software is used, the employees are prohibited from duplicating, installing, or using software in violation of its copyright or license terms.

4. Anti-corruption

The Group believes that a corporate culture of high integrity is the key to its continued success. Therefore, the Group recognises the importance of anti-corruption work, policy and system, and is committed to formulating fair, open and impartial procedures for product or service procurement or tendering to inhibit any potential corruption. In addition, the Group engages independent auditors to audit the Group's financial statements, to ensure that the Group's accounts are correct and to strengthen financial oversight to protect the interests of the Shareholders.

The Group does not tolerate any form of bribery, extortion, fraud, money laundering or other corrupt practices, and it strictly abides by the local laws and regulations relating to anti-corruption and bribery, irrespective of the area or country where the Group conducts its business. As a part of anti-corruption measures, we have established a reporting system, and have developed relevant policies to effectively implement internal monitoring and risk management. The policies provide reporting guidelines and channels for the employees, and help increase the employees' alertness towards fraud, corruption and other misconducts.

All employees (including the Directors) are (i) prohibited from paying or receiving a bribe of any kind; (ii) prohibited from giving or offering anything of value to a public official; (iii) required to strictly follow the Group's guidelines and authorisation levels in relation to the giving and receiving of gifts and hospitality; (iv) required to fully comply with the applicable laws and regulations relating to anti-money laundering and terrorist financing; and (v) required to attend an anti-corruption training, which lasts for 30 minutes, when they newly join the Group.

During the Year, the Group complied with the relevant laws and regulations, relating to bribery, extortion, fraud and money laundering, including but not limited to Prevention of Corruption Act, and was not aware of any concluded legal cases regarding corrupt practices brought against the Group or its employees.

COMMITMENT TO SOCIETY

1. Donations and Public Welfare Activities

The Group focuses on engagement in community empowerment and youth development through collaboration with the charitable organisations, voluntary activities and strategic sponsorship for the long-term benefit of community development. During the Reporting Year, the Group donated to charitable and non-profitable organisations, such as Singapore Power Heartware Fund, The Keppel Club, Spore Lim See Tai Chong Soo Kiu Leong Tong, Lighthouse Club (Singapore), HDB Staff Union, Nee Soon South CCBF and Viva Foundation for Children With Cancer and contributed S$35,000 for the aforementioned causes.

Meanwhile, the Group encouraged its employees to help clean the rubbish near the Group's office, in order to keep the environment clean.

2. Contribution to Communities

Recognising that building good relationships with and bringing positive impacts in the community is the key to sustainable operations, the Group attaches great importance to the common growth with the regions, and is committed to fulfilling its corporate social responsibility and has developed relevant policy in promoting and encouraging its employees to give back to society through supporting and contributing to extensive charitable programmes.

Looking ahead, the Group will continue to develop better community engagement strategies and policies, and identify more potential charitable and non-profitable institutions that are favoured, so as to further enhance social participation and bring more positive impacts to the communities.

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Chuan Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the 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 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 the consolidated financial performance and the consolidated cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards (the "**IFRSs**") approved by the International Accounting Standards Boards (the "**IASB**") and have been prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (the "**ISAs**") issued by the International Auditing and Assurance Standards Board (the "**IAASB**"). 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 International Ethics Standards Board for Accountants (the "**IESBA**") *Code of Ethics for Professional Accountants* (the "**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

KEY AUDIT MATTERS (CONTINUED)

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition from construction contracts

The Group is involved in construction projects for which it recognises contract revenue over time using the input method in accordance with IFRS 15 *Revenue from Contracts with Customers*. The measure of progress is calculated based on the actual contract costs incurred to-date to the total budgeted costs for each project. The input method involves the use of significant management estimates, including amongst others, the total estimated project costs and estimated contract revenue. Accordingly, we have identified this to be a key audit matter.

As part of our audit procedures, we obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues and contract costs. On a sample basis, our procedures included:

- reviewed the contractual terms and conditions with customers, including the contractual sums and verified the costs incurred against underlying supporting documents;
- assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects;
- reviewed the appropriateness of key inputs, amongst others, materials, subcontractors and labor costs, used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs;
- checked the arithmetic accuracy of revenue recognised according to the stage of completion of each project measured by reference to costs incurred for work performed to date to the total budgeted cost;
- reviewed the project files and discussed with the management on the progress of projects to determine if there are signs of potential disputes, variation order claims, known technical issues, delays, penalties or overruns; and
- reviewed management's assessment and estimation of the additional time and costs needed to complete the on-going projects due to business disruptions and operational changes related to the changes in operation environment on the budgeted costs to complete the projects.

We also evaluated the adequacy of the Group's disclosures for revenue recognition and contract balances in Notes 5 and 17 to the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Investments in property development projects

As at 31 December 2021, the Group has investments in debt instruments on property development projects amounting to approximately S$5.7 million which are classified as financial assets at fair value through profit or loss. The measurement of the fair value of the financial assets involves management using estimates and assumptions which includes amongst others, the estimates of the selling price and cost of construction of the underlying property, and appropriate discount rate. Accordingly, we have identified this to be a key audit matter.

As part of our audit procedures, we obtained an understanding of management's processes and controls around the valuation of the investments in these debt instruments. We reviewed the contractual terms and conditions of the investment agreements, and assessed the reasonableness of the methodology and key assumptions used by management in estimating the fair value of the investments. We also evaluated the appropriateness of key inputs, amongst others, the estimated profits before tax of the property development projects by comparing them to available market data. We have also considered the reasonableness of the discount rate used by performing sensitivity analysis and expected rate of return for the projects. In addition, we evaluated the Group's disclosures for the investments in property development projects in Notes 16 and 33 to the consolidated financial statements.

OTHER MATTER

The consolidated financial statements of Chuan Holdings Limited for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2021.

OTHER INFORMATION

Management is responsible for 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 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 MANAGEMENT AND DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors of the Company are assisted by Audit Committee 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. Our report is made 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 the ISAs 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.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism 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.

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

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

- Conclude on the appropriateness of management's 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.

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.

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

The engagement partner on the audit resulting in this independent auditor's report is Low Bek Teng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 S$'000	2020 S$'000
Revenue	*5*	**85,416**	72,401
Cost of sales		**(81,079)**	(76,475)
Gross profit/(loss)		**4,337**	(4,074)
Other income and gains	*5*	**3,780**	7,218
Administrative and other operating expenses		**(5,835)**	(5,745)
Other expenses		**(6)**	(5,778)
Finance costs	*6*	**(439)**	(580)
Share of results of associates		**10**	–
Profit/(loss) before income tax	*7*	**1,847**	(8,959)
Income tax (expense)/credit	*9*	**(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)	*11*	**0.14**	(0.81)
Diluted earnings/(loss) per share (cents)	*11*	**0.13**	(0.81)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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	*12*	**15,217**	20,465	27,772
Investment property	*13*	**1,298**	1,310	1,322
Investment in associates	*14*	**7,587**	–	–
Other assets	*15*	**369**	367	364
Deposits, prepayments and other receivables	*19*	**138**	302	296
Financial assets at fair value through profit or loss ("**FVTPL**")	*16*	**7,104**	1,383	1,398
Financial assets at FVOCI	*16*	**925**	669	939
Financial assets at amortised cost	*16*	**250**	–	1,250
Deferred tax assets	*9*	**411**	825	326
Total non-current assets		**33,299**	25,321	33,667
Current assets				
Contract assets	*17*	**24,096**	28,685	26,399
Trade receivables	*18*	**18,736**	13,288	13,195
Deposits, prepayments and other receivables	*19*	**2,919**	3,935	9,947
Financial assets at amortised cost	*16*	**–**	1,250	–
Pledged deposits	*20*	**1,276**	3,392	3,359
Cash and cash equivalents	*20*	**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	*17*	**2,822**	4,316	3,088
Trade payables	*21*	**7,105**	11,297	10,695
Other payables, accruals and deposits received	*22*	**3,974**	2,541	3,385
Borrowings	*23*	**1,227**	704	–
Lease liabilities	*24(b)*	**4,473**	7,973	12,229
Income tax payable		**–**	203	575
Total current liabilities		**19,601**	27,034	29,972
Net current assets		**58,940**	69,754	67,700
Total assets less current liabilities		**92,239**	95,075	101,367

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
Non-current liabilities				
Other payables, accruals and deposits received	22	**7**	–	16
Borrowings	23	**3,069**	4,296	–
Lease liabilities	24(b)	**2,656**	5,963	7,763
Deferred tax liabilities	9	**–**	–	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	25	**1,767**	1,807	1,807
Reserves	25	**84,740**	83,009	91,536
Total equity		**86,507**	84,816	93,343

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	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 (Note 32)	–	–	–	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 (Note 32)	–	–	–	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.*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 S$'000	2020 S$'000
Cash flows from operating activities		
Profit/(loss) before income tax	**1,847**	(8,959)
Adjustments for:		
Interest income	**(47)**	(563)
Interest expense	**439**	580
COVID-19-related rent concession from lessors	**–**	(65)
Dividend income from financial assets at FVOCI	**(28)**	(51)
Depreciation of property, plant and equipment	**9,217**	9,342
Depreciation of investment property	**12**	12
Gain on disposals of property, plant and equipment	**(467)**	(475)
Gain on re-measurement of lease liabilities	**(13)**	–
(Reversal of)/provision for ECL on contract assets	**(213)**	182
(Reversal of)/provision for ECL on trade receivables	**(51)**	363
Provision for ECL on other receivables	**–**	5,217
Reversal of ECL on other assets	**(2)**	(3)
Fair value (gain)/loss from financial assets at FVTPL	**(422)**	15
Share of results of associates	**(10)**	–
Equity-settled share option expense	**361**	167
Operating cash flows before changes in working capital	**10,623**	5,762
Decrease/(increase) in contract assets	**4,802**	(2,468)
Increase in trade receivables	**(6,134)**	(456)
Decrease in deposits, prepayments and other receivables	**715**	789
(Decrease)/increase in contract liabilities	**(1,494)**	1,228
(Decrease)/increase in trade payables	**(4,192)**	602
Increase/(decrease) in other payables, accruals and deposits received	**1,440**	(860)
Cash flows from operations	**5,760**	4,597
Income tax paid, net	**(136)**	(526)
Net cash flows generated from operating activities	**5,624**	4,071

	2021 S$'000	2020 S$'000
Cash flows from investing activities		
Decrease in time deposits with maturity over three months	–	2,000
Proceeds from disposals of property, plant and equipment	638	1,268
Purchase of property, plant and equipment	(4,069)	(1,007)
Purchase of financial assets at FVTPL	(5,299)	–
Proceeds from redemption of financial assets at amortised costs	1,480	–
Purchase of financial assets at FVOCI	(300)	–
Investment in associates	(7,577)	–
Interest received	32	563
Dividend received	28	51
Net cash flows (used in)/generated from investing activities	(15,067)	2,875
Cash flows from financing activities		
Interest portion of the lease liabilities	(343)	(519)
Principal portion of the lease liabilities	(6,866)	(7,812)
Proceed from borrowings	–	5,000
Repayment of borrowings	(704)	–
Decrease/(increase) in pledged deposits secured against banking facilities	2,116	(33)
Interest paid	(96)	(61)
Net cash flows used in financing activities	(5,893)	(3,425)
Net (decrease)/increase in cash and cash equivalents	(15,336)	3,521
Cash and cash equivalents at beginning of financial year	46,238	42,772
Effect of foreign exchange rate changes, net	612	(55)
Cash and cash equivalents at end of financial year (Note 20)	31,514	46,238

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021. 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.

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:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same financial year 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to owners of the parent of the Group. All intra-group assets, 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 the related assets (including goodwill), liabilities, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 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.

2.4 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Investment in associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. The Group accounts for its investment in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equal or exceed its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at the end of each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non-financial assets

Property, plant and equipment, investment property and investment in associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("**CGU**") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Plant and machinery	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.8 Investment property

Investment property of the Group include those portions of buildings that are held for long term rental yields and/or for capital appreciation.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years. The residual value, useful life and depreciation method of investment property are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

When the cost model is applied, the fair value of investment property shall be disclosed at each reporting date.

2.9 Borrowing costs

Borrowing costs are interest and other cost incurred in connection with the borrowing and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets

(a) Classification and measurement

The Group classifies its financial assets as measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments of the Group mainly comprise of trade and other receivables.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("**OCI**") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "other income and gains".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(a) Classification and measurement (Continued)

At subsequent measurement (Continued)

(i) Debt instruments (Continued)

- FVTPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/ losses" in OCI. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) Impairment

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 terms.

ECLs are recognised in two stages. For credit exposures 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-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, 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.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also considers 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in OCI relating to that asset is reclassified to profit or loss.

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Leases

(a) When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract 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. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use assets*

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

  Right-of-use assets are presented within "Property, plant and equipment".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Leases (Continued)

(a) When the Group is the lessee (Continued)

- *Lease liabilities*

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contains both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components. The Group has elected to not separate lease and non-lease components for leases and account these as one single lease component.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Leases (Continued)

(b) When the Group is the lessor

The Group leases investment property under operating lease to non-related parties.

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.13 Fair value measurement

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.

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 based on the lowest level input that is significant to the fair value measurement as a whole.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.18 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) Revenue from construction contracts

Revenue from earthworks and general construction works transferred over time is recognised progressively by reference to the proportion of contract costs incurred to date compared to expected total cost, which depict the transfer of control of the goods or services to the customer.

The Group recognises revenue over time only if it can reasonably measure its progress toward complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

Contract assets and liabilities

The Group presents a contract liability or a contract asset in its consolidated statement of financial position when either party to the contract has performed. The Group performs by transferring goods or services to the customer, and the customer performs by paying consideration to the Group.

A contract asset represents the Group's rights to consideration in exchange for goods and services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (Continued)

(a) Revenue from construction contracts (Continued)

Contract assets and liabilities (Continued)

Contract asset is recognised when the Group completes the construction works under such services contracts but yet certified by architects, surveyors or other representatives appointed by customers.

Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

A contract liability represents the Group's obligations to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract costs

Incremental cost of obtaining a contract is capitalised if the Group expects to recover those costs, unless the amortisation period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred.

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

c) the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the costs relate. The asset is subject to impairment review.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (Continued)

(b) Revenue from earthworks and ancillary services income

Revenue from earthworks and ancillary services income is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance. The Group measures progress and recognises revenue using the output method on the basis of direct measurements of the value to customer of the Group's performance to date.

(c) Rental income

Rental income from investment property is recognised on a straight-line basis over the periods of the respective tenancy.

(d) Interest income

Interest income is recognised using the effective interest method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(e) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.20 Share based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity for equity-settled share based payments. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation

a) *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The financial statements are presented in SGD, which is the functional currency of the Group.

b) *Transactions and balances*

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

2.24 Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Related parties (Continued)

b) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

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

(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).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the future periods.

3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Revenue recognition from construction contracts

Revenue recognition on a project is dependent on management's estimation of the progress of the satisfaction of performance obligations of a construction contract over time, measuring using input method, with reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contracts.

The Group reviews and revises the estimates of contract revenue, contract costs and variations for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. Such budgeted costs mainly comprise of materials and processing charges, project staff costs, costs of subcontracting, and an appropriation of variable and fixed construction overheads.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

a) *Revenue recognition from construction contracts (Continued)*

In estimating the total budgeted costs for construction contracts, management makes reference to information such as costs incurred up to date, current offers from sub-contractors and suppliers, recent offers agreed with sub-contractors and suppliers, and professional estimation on materials and processing charges on, project staff costs and other costs estimated by the directors. In order to keep the budget accurate and up to date, the management conducts periodic reviews of the management budgets by comparing the budgeted amounts to the actual amounts incurred in particular in the case of costs over-run, and revises the estimated costs when necessary.

Significant judgement is required in estimating the budgeted contract costs which may have an impact in terms of percentage of completion and hence contract revenue recognised. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. Notwithstanding that the management regularly reviews and revises contract budgets when those construction contracts progressed, the actual contract costs and gross profit margin achieved may be higher or lower than the estimates and that will affect the revenue and gross profit recognised in the consolidated financial statements. The Group's revenue, contract assets and contract liabilities are disclosed in Notes 5 and 17 respectively.

b) *Provision for ECLs on trade and other receivables*

The provision for ECLs on trade and other receivables is based on estimation about credit default risk. The Group uses judgement in making assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to profit or loss. The carrying amounts of contract assets as well as trade and other receivables are disclosed in Notes 17, 18 and 19, respectively.

c) *Investments in property development projects*

The Group has investments in debt instruments on property development projects which are classified as financial assets at fair value through profit or loss. The measurement of the fair value of the financial assets involves the use of the Group's estimates and assumptions which includes amongst others, the estimates of the selling price and cost of construction of the underlying property, and appropriate discount rate. Changes in these assumptions and estimates could affect the fair value of the financial assets. The carrying amounts of investments in property development projects is disclosed in Note 16.

4. 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$'000	General construction works S$'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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	Earthworks and ancillary services S$'000	General construction works S$'000	Total S$'000
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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

Reportable segment assets (Continued)

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.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

Reportable segment liabilities

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

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 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 S$'000	31 December 2020 S$'000	1 January 2020 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.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

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.*

5. 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 earthworks ancillary services.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

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 S$'000	2020 S$'000
Other income		
Management service income	**292**	234
Interest income from financial assets at amortised cost	**47**	563
Bad debts recovered (Note 18)	**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.

6. FINANCE COSTS

	2021 S$'000	2020 S$'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

7. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Note	2021 S$'000	2020 S$'000
Auditor's remuneration		**190**	181
Depreciation of property, plant and equipment *(Note 12)*	*(i)*	**9,217**	9,342
Depreciation of investment property *(Note 13)*	*(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 *(Note 8)*):			
– Salaries, wages and bonuses		**17,653**	14,738
– Equity-settled share option expenses		**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 17)*		**(213)**	182
Provision for ECL on trade receivables *(Note 18)*		**203**	363
Provision for ECL on other receivables *(Note 19)*		**–**	5,217
Reversal of ECL on other assets *(Note 15)*		**(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.

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration for the year, disclosed pursuant to Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulations, is as follows:

a) Directors' remuneration

The remuneration paid or payable to the directors is as follow:

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Discretionary bonuses S$'000	Equity-settled share option expenses S$'000	Defined contribution S$'000	Total S$'000
2021						
Executive directors:						
Mr. Lim Kui Teng ("**Mr. Alan Lim**") *(Note (i))*	–	885	–	–	12	897
Mr. Lau Yan Hong ("**Mr. Dicky Lau**")	–	179	–	37	9	225
Mr. Quek Sze Whye ("**Mr. Albert Quek**")	–	230	–	37	5	272
Mr. Bijay Joseph	–	196	–	37	12	245
	–	1,490	–	111	38	1,639
Independent non-executive directors:						
Mr. Wee Hian Eng Cyrus ("**Mr. Cyrus Wee**")	21	–	–	–	–	21
Mr. Chan Po Siu ("**Mr. Chan**") *(Note (iv))*	31	–	–	–	–	31
Mr. Xu Fenglei ("**Mr. Xu**") *(Note (v))*	24	–	–	–	–	24
	76	–	–	–	–	76
Non-executive directors:						
Mr. Phang Yew Kiat ("**Mr. Phang**") *(Note (vii))*	–	–	–	63	–	63
Total	76	1,490	–	174	38	1,778

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

a) Directors' remuneration (Continued)

The remuneration paid or payable to the directors is as follow: (Continued)

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Discretionary bonuses S$'000	Equity-settled share option expenses S$'000	Defined contribution S$'000	Total S$'000
2020						
Executive directors:						
Mr. Lim Kui Teng ("**Mr. Alan Lim**") *(Note (i))*	–	881	–	–	12	893
Mr. Lau Yan Hong ("**Mr. Dicky Lau**")	–	195	–	19	11	225
Mr. Quek Sze Whye ("**Mr. Albert Quek**")	–	270	–	19	7	296
Mr. Bijay Joseph	–	195	–	19	12	226
Mr. Wong Kee Chung ("**Mr. Stan Wong**") *(Note (ii))*	43	–	–	–	–	43
	43	1,541	–	57	42	1,683
Independent non-executive directors:						
Mr. Wee Hian Eng Cyrus ("**Mr. Cyrus Wee**")	21	–	–	–	–	21
Mr. Lee Cheung Yuet Horace ("**Mr. Horace Lee**") *(Note (iii))*	16	–	–	–	–	16
Mr. Chan Po Siu ("**Mr. Chan**") *(Note (iv))*	17	–	–	–	–	17
Mr. Xu Fenglei ("**Mr. Xu**") *(Note (v))*	5	–	–	–	–	5
	59	–	–	–	–	59
Non-executive directors:						
Mr. Phang Yew Kiat ("**Mr. Phang**") *(Note (vi))*	22	–	–	14	–	36
Total	124	1,541	–	71	42	1,778

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

a) Directors' remuneration (Continued)

Notes:

(i) Mr. Alan Lim has relinquished his role as the chairman of the board of director ("**Board**") on 16 October 2020 but remained to serve as the chief executive officer and an executive director of the Company.

(ii) Mr. Stan Wong has resigned as the executive director of the Company on 31 July 2020.

(iii) Mr. Horace Lee has resigned as the independent non-executive director of the Company on 16 June 2020.

(iv) Mr. Chan was appointed as an independent non-executive director of the Company on 16 June 2020.

(v) Mr. Xu was appointed as an independent non-executive director of the Company on 16 October 2020.

(vi) Mr. Phang has been re-designated from an independent non-executive director to non-executive director and has been appointed as the chairman of the Board on 16 October 2020.

b) Five highest paid individuals

The five highest paid individuals of the Group included 4 (2020: 4) directors for the year, whose emoluments are reflected in Note (a).

The analysis of the emolument of the remaining 1 (2020: 1) highest paid individual for the year, are set out below:

	2021 **S$'000**	2020 S$'000
Salaries, allowances and benefits in kind	**167**	144
Discretionary bonuses	**12**	24
	179	168

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

b) Five highest paid individuals (Continued)

The remuneration of the remaining individual fell within the following bands:

	Number of individuals	
	2021	2020
Nil – HK$1,000,000	**–**	1
HK$1,000,001 – HK$1,500,000	**1**	–
	1	1

c) During the year, no director or any of the highest paid individuals waived or agreed to waive any emoluments (2020: Nil). No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

9. INCOME TAX EXPENSE/(CREDIT)

a) Income tax

	2021 S$'000	2020 S$'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.

9. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

a) Income tax (Continued)

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 **S$'000**	2020 S$'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.

9. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

b) Deferred tax

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

Deferred tax (liabilities)/assets

	Accelerated tax depreciation S$'000	Leases S$'000	Impairment loss S$'000	Unutilised leave S$'000	Unutilised losses S$'000	Total S$'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 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Deferred tax assets	**411**	825	326
Deferred tax liabilities	**–**	–	(245)

10. DIVIDENDS

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

11. 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.

12. PROPERTY, PLANT AND EQUIPMENT

	Properties leased for own use S$'000	Plant and machinery S$'000	Furniture, fixtures and office equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost					
At 1 January 2020	4,032	25,446	1,162	37,288	67,928
Additions	514	1,107	263	944	2,828
Disposals	–	(2,319)	(95)	(156)	(2,570)
At 31 December 2020 and 1 January 2021	4,546	24,234	1,330	38,076	68,186
Additions	1,413	2,175	1,494	1,074	6,156
Disposals	(4,032)	(2,186)	–	(406)	(6,624)
At 31 December 2021	1,927	24,223	2,824	38,744	67,718
Accumulated depreciation					
At 1 January 2020	672	15,849	492	23,143	40,156
Depreciation charge *(Note 7)*	719	3,456	232	4,935	9,342
Disposals	–	(1,596)	(95)	(86)	(1,777)
At 31 December 2020 and 1 January 2021	1,391	17,709	629	27,992	47,721
Depreciation charge *(Note 7)*	953	3,126	514	4,624	9,217
Disposals	(2,016)	(2,018)	–	(403)	(4,437)
At 31 December 2021	328	18,817	1,143	32,213	52,501
Net book value					
At 1 January 2020	3,360	9,597	670	14,145	27,772
At 31 December 2020	3,155	6,525	701	10,084	20,465
At 31 December 2021	**1,599**	**5,406**	**1,681**	**6,531**	**15,217**

13. INVESTMENT PROPERTY

	S$'000
Cost	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	1,546
Accumulated depreciation	
At 1 January 2020	224
Depreciation charge *(Note 7)*	12
At 31 December 2020 and 1 January 2021	236
Depreciation charge *(Note 7)*	12
At 31 December 2021	248
Net book value	
At 1 January 2020	1,322
At 31 December 2020	1,310
At 31 December 2021	**1,298**
Fair value	
At 1 January 2020	6,500
At 31 December 2020	6,500
At 31 December 2021	**6,500**

The investment property of the Group consists of a four-storey industrial building used for rental income generation purpose. It is located at 1015 Upper Serangoon Road, Singapore 534753 on a freehold land. The estimated useful life of the investment property is 50 years.

13. INVESTMENT PROPERTY (CONTINUED)

The fair value of the investment property has been carried out by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. Fair value is determined by a market comparison method by taking into account the movement of the industrial property market index in Singapore. The fair value disclosed is categorised as Level 3 valuation. The key unobservable input used in valuing the investment property under the direct comparison approach was the prices per square meter. Significant increases/(decreases) in the unobservable input would result in a significant higher/(lower) fair value measurement. The highest and best use of the investment property of the Group does not differ from its current use.

14. INVESTMENT IN ASSOCIATES

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Advances to an associate	**6,936**	–	–
Share of net assets, including cost	**651**	–	–
	7,587	–	–

The advances to an associate are unsecured, interest-free and repayable on demand. In the opinion of the directors, these advances are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in the associate. There was no recent history of default and past due amounts for advances to associate. As at 31 December 2021, the loss allowance was assessed to be minimal.

The material associate held by the Group is listed below:

Name of entity	**Principal place of business and incorporation**	**Principal activities**	**% of interest held by the Company 2021** %
Chuan Investments Pte. Ltd.	Singapore	Real estate developer	33.3

14. INVESTMENT IN ASSOCIATES (CONTINUED)

The Group accounts for its interest in associates by applying the equity method of accounting in the consolidated financial statements.

The following table illustrates the summarised financial information in respect of Chuan Investments Pte. Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

Summarised statement of financial position

	Chuan Investments Pte. Ltd.	
	2021	2020
	$'000	$'000
Current assets	**222**	–
Non-current assets	**22,531**	–
Total assets	**22,753**	–
Current liabilities	**22,422**	–
Non-current liabilities	**–**	–
Total liabilities	**22,422**	–
Net assets	**331**	–
Proportion of the Group's ownership	**33.3%**	–
Group's share of net assets and carrying amount of the investment	**110**	–

14. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	Chuan Investments Pte. Ltd.	
	2021	2020
	$'000	$'000
Other income	**100**	–
Profit for the year, net of taxation, representing total comprehensive income for the year	**31**	–
Proportion of the Group's ownership	**33.3%**	–
Group's share of results	**10**	–

The following table illustrates the aggregate financial information of the Group's associate which is not individually material:

	2021	2020
	S$'000	S$'000
Share of the associates' profit for the year, representing total comprehensive income for the year	**–**	–
Aggregate carrying amount of the Group's investment in associate	**5**	–

There are no contingent liabilities relating to the Group's interest in the associates.

15. OTHER ASSETS

The Group's other assets represented golf club memberships. The golf club memberships are tested for impairment annually.

As at the reporting date, the directors have performed impairment review and reversal of impairment of S$2,000 (31 December 2020: S$3,000; 1 January 2020: S$9,000) was recognised.

16. FINANCIAL ASSETS – FAIR VALUE THROUGH PROFIT OR LOSS, FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND AMORTISED COST

	Note	**31 December 2021 S$'000**	31 December 2020 S$'000	1 January 2020 S$'000
Financial assets at FVTPL				
– Investment in life insurance policy at fair value	*(a)*	**1,423**	1,383	1,398
– Investment in property development projects		**5,681**	–	–
		7,104	1,383	1,398
Financial assets at FVOCI				
– Quoted equity securities at fair value		**625**	669	939
– Unquoted equity security at fair value		**300**	–	–
	(b)	**925**	669	939
Financial assets at amortised cost				
– Investment in corporate bond		**250**	250	250
– Investment in property development projects		**–**	1,000	1,000
		250	1,250	1,250

Notes:

(a) The Group entered into contract with an insurance company which contains life insurance policy to insure against incapacity of a key management personnel of the Group, with insured sum of US$5,000,000 (equivalent to S$6,682,000). Under these contracts, the beneficiary and policy holder is Chuan Lim Construction Pte. Ltd., a wholly-owned subsidiary of the Company.

(b) The equity investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

16. FINANCIAL ASSETS – FAIR VALUE THROUGH PROFIT OR LOSS, FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND AMORTISED COST (CONTINUED)

Below are the amounts denominated in currencies other than the functional currency:

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
HK$	**–**	–	26
United States dollar ("**US$**")	**1,423**	1,383	1,398
	1,423	1,383	1,424

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Contract assets	**24,320**	29,122	26,654
Less: Provision for ECL on contract assets	**(224)**	(437)	(255)
	24,096	28,685	26,399
Contract liabilities	**(2,822)**	(4,316)	(3,088)
	21,274	24,369	23,311

The timing of revenue recognition, progress billings to customers and payments received from customers would affect the amount of trade receivables, contract assets and contract liabilities recognised as at the reporting date on the consolidated statement of the financial position.

The Group's contract assets represent the Group's rights to consideration for work completed but not yet billed to customers as at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional, that is, when the Group issued progress billing/invoices to customers based on certified amount agreed with customer.

17. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

The contract assets are expected to be recovered or settled within 3 years upon completion of services and acceptance by the customers.

During the year, S$213,000 (2020: S$182,000 recognised as a provision for ECL) was recognised as a reversal of ECL on contract assets. Further details on the Group's credit policy and credit risk arising from contract assets are set out in Note 33.

Movement in the provision for ECL on contract assets:

	2021 **S$'000**	2020 S$'000
Balance at beginning of the year	**437**	255
(Reversal of)/provision for ECL	**(213)**	182
Balance at end of the year	**224**	437

The Group's contract liabilities represent advanced payment received from customers while revenue is recognised based on measure of progress.

Significant changes in the contract assets and the contract liabilities during the year are as follows:

	31 December **2021** **S$'000**	31 December 2020 S$'000	1 January 2020 S$'000
Revenue recognised that was included in the contract liabilities balances at the beginning of year	**4,283**	3,071	1,538
Transfers from the contract assets recognised at the beginning of year to trade receivables	**22,132**	18,813	11,827

Included in the Group's contract assets of S$3,087,000 (31 December 2020: S$3,066,000; 1 January 2020: S$3,102,000) is a balance with a related party who is the spouse of Mr. Alan Lim ("**Mrs. Lim**"), a shareholder and director of the Company. The amount with the related party included in the above balance is unsecured and interest free.

18. 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 S$'000	31 December 2020 S$'000	1 January 2020 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

18. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

(b) (Continued)

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

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 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 date 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 S$'000	2020 S$'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

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 33.

(c) The receivables from these related parties are unsecured, interest free and repayable on demand. The trading transactions with these related parties and corresponding relationship with the Group are detailed in Note 27.

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

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	**31 December 2021 S$'000**	31 December 2020 S$'000	1 January 2020 S$'000
Other receivables		**5,506**	6,358	9,238
Less: Provision for ECL on other receivables	*(b)*	**(5,199)**	(5,115)	(114)
		307	1,243	9,124
Deposits		**1,940**	2,529	561
Prepayments		**810**	465	558
	(a)	**3,057**	4,237	10,243
Classified as:				
Non-current assets		**138**	302	296
Current assets		**2,919**	3,935	9,947
		3,057	4,237	10,243

Notes:

(a) Total deposits, prepayments and other receivables are analysed as follows:

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Non-related parties	**2,672**	3,519	9,936
Related parties	**385**	718	307
	3,057	4,237	10,243

The deposits, prepayments and other receivables from these related parties are unsecured, interest free and repayable on demand. The transactions with these related parties and corresponding relationship with the Group are detailed in Note 27.

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(b) The movements in the provision for ECL on other receivables are as follows:

	12 months ECL S$'000	Lifetime ECL, non-credit impaired S$'000	Lifetime ECL, credit-impaired S$'000	Total S$'000
At 1 January 2020	–	114	–	114
Charged to profit or loss	–	–	5,217	5,217
Transfer to Lifetime ECL, credit impaired	–	(114)	114	–
Translation reserve	–	–	(216)	(216)
At 31 December 2020	–	–	5,115	5,115
Foreign exchange differences	–	–	84	84
At 31 December 2021	–	–	5,199	5,199

The Group considers that other receivables that were neither past due nor impaired under review are of good credit quality. The Group does not hold any collateral over these balances.

20. CASH AND CASH EQUIVALENTS

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Cash and bank balances	**32,790**	49,630	26,462
Time deposits with an original maturity of more than three months	**–**	–	2,000
Time deposits with an original maturity of less than three months	**–**	–	19,669
	32,790	49,630	48,131
Less: Pledged deposits *(Note)*	**(1,276)**	(3,392)	(3,359)
Cash and cash equivalents	**31,514**	46,238	44,772

The bank balances bear interest at floating rates based on daily bank deposits rates. Short term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

20. CASH AND CASH EQUIVALENTS (CONTINUED)

Note:

As at 31 December 2021, 31 December 2020 and 1 January 2020, pledged deposits are restricted bank balances to secure:

(i) the guarantee arrangement and the issuance of performance bonds (Note 28); and

(ii) the banking facilities including letter of credit, overdraft and bank guarantee amounting to S$17,500,000, S$21,500,000 and S$25,200,000 respectively.

Included in cash and cash equivalents are the following amounts denominated in currencies other than the functional currency:

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
HK$	**8,377**	10,913	9,157
US$	**3,035**	4,341	8,331

21. 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	*(b)*	**99**	1,084	1,122
		7,105	11,297	10,695

Notes:

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

(b) The trading transactions with these related parties and corresponding relationship with the Group are detailed in Note 27.

21. TRADE PAYABLES (CONTINUED)

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

22. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Current liabilities:			
Other payables	**639**	327	1,405
Accruals			
– Wages and bonuses	**1,373**	1,642	1,738
– Others	**1,951**	554	240
Deposits received	**11**	18	2
	3,974	2,541	3,385
Non-current liabilities:			
Deposits received	**7**	–	16

23. BORROWINGS

	Note	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Current liabilities:				
Amounts payable within one year				
– Term loan	*(a)*	**1,227**	704	–
Non-current liabilities:				
Amounts payable in second to five years				
– Term loan	*(a)*	**3,069**	4,296	–
Total borrowings		**4,296**	5,000	–

Notes:

(a) The Group has obtained loan (the "**Temporary Bridging Loan**") to finance the Group's working capital during the year.

	2021 %	2020 %
Fixed interest rate of the secured term loans per annum	**2%**	2%

(b) Based on the schedule repayment dates set out in the loan agreement as mention in (a), the borrowings and repayable are as follows:

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Within one year	**1,227**	704	–
In the second year	**1,252**	1,227	–
In the third to fifth year	**1,817**	3,069	–
	4,296	5,000	–

23. BORROWINGS (CONTINUED)

Notes: (Continued)

(c) The Group's aggregate banking facilities amounted to S$52,943,000 (31 December 2020: S$62,040,000; 1 January 2020: S$63,540,000) of which S$27,334,000 (31 December 2020: S$37,868,000; 1 January 2020: S$34,287,000) have been utilised as at 31 December 2021. The banking facilities of the Group were pledged by bank deposits as set out in Note 20. The summary of banking facilities as follows:

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Banking facilities for:			
– Term loan	**13,500**	5,000	–
– Letter of credit, bank overdraft and bank guarantee	**17,500**	21,500	25,200
– Hire purchase	**21,943**	35,540	38,340
	52,943	62,040	63,540

As at 31 December 2021, the Group had unutilised banking facilities of S$25,609,000 (31 December 2020: S$24,172,000; 1 January 2020: S$29,253,000).

24. LEASES

(a) As lessor

Future minimum lease rental receivables under non-cancellable operating leases of the Group as at the reporting dates are as follows:

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Within one year	**75**	31	97
Within second to fifth year	**36**	–	29
	111	31	126

The Group leases its investment property under operating lease. The leases run for an initial period of 1 to 2 years. None of these leases includes any contingent rentals.

24. LEASES (CONTINUED)

(b) As lessee

Right-of-use assets classified within property, plant and equipment

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Plant and machinery	**3,338**	5,374	8,200
Properties leased for own use	**1,599**	3,155	3,360
Office equipment	**52**	80	109
Motor vehicles	**5,155**	9,253	13,743
	10,144	17,862	25,412

Lease liabilities

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Current	**4,473**	7,973	12,229
Non-current	**2,656**	5,963	7,763
	7,129	13,936	19,992

Movements of lease liabilities for the financial year are as follows:

	2021 S$'000	2020 S$'000
Beginning of financial year	**13,936**	19,992
Additions	**674**	1,821
Re-measurement of lease liabilities	**(615)**	–
Accretion of interest	**343**	519
Principal payment of lease liabilities	**(6,866)**	(7,812)
Interest paid	**(343)**	(519)
COVID-19 related rent concession	**–**	(65)
End of financial year	**7,129**	13,936

24. LEASES (CONTINUED)

(b) As lessee (Continued)

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	31 December 2021		31 December 2020		1 January 2020	
	Minimum lease payments S$'000	Present values of minimum lease payments S$'000	Minimum lease payments S$'000	Present values of minimum lease payments S$'000	Minimum lease payments S$'000	Present values of minimum lease payments S$'000
Within one year	**4,604**	**4,473**	7,151	6,812	8,714	8,228
In the second to fifth years, inclusive	**2,701**	**2,656**	7,429	7,124	12,301	11,764
	7,305	**7,129**	14,580	13,936	21,015	19,992
Less: future interest expenses	**(176)**		(644)		(1,023)	
Present value of lease liabilities	**7,129**		13,936		19,992	
Analysed into:						
Current portion		**4,473**		7,973		12,229
Non-current portion		**2,656**		5,963		7,763
		7,129		13,936		19,992

Note:

During the year ended, the Group leases plant and machinery, office equipment and motor vehicles under finance leases. The lease term is ranging from 4 to 7 years, with effective interest rate ranging from 2.1% to 5.3% (31 December 2020: 2.1% to 5.3%; 1 January 2020: 2.1% to 5.3%) per annum. All the leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. In addition, the Group has certain leases with variable lease payments which are determined based on the actual usage of the floor space by the Group.

The Group also has certain leases of office equipment with low value. The Group applies the "lease of low-value assets" recognition exemptions for these leases.

24. LEASES (CONTINUED)

(b) As lessee (Continued)

The following are the amounts that are related to right-of-use assets and recognised in profit or loss:

	2021	2020
	S$'000	S$'000
Depreciation expense of right-of-use assets	**7,030**	8,220
Interest expense on lease liabilities	**343**	519
Low value lease expense	**23**	20
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	**1,353**	1,401
	8,749	10,160

Total cash outflow for all the leases was S$7,209,000 (2020: S$8,331,000).

The weighted average lessee's incremental borrowing rate applied to lease liabilities in relation to properties leased for own use recognised in the consolidated statement of financial position as at 31 December 2021 is 1.18% (31 December 2020: 4.34%; 1 January 2020: 4.34%).

25. SHARE CAPITAL AND RESERVES

	Number of shares	**Amounts**
		S$'000
Authorised:		
Ordinary share HK$0.01 each		
At 1 January 2020, 31 December 2020, and 31 December 2021	10,000,000,000	17,430
Issued and fully paid:		
At 1 January 2020 and 31 December 2020	1,036,456,000	1,807
Effects of change in functional currency *(Note 2.1)*	–	(40)
At 1 January 2021 and 31 December 2021	1,036,456,000	1,767

25. SHARE CAPITAL AND RESERVES (CONTINUED)

Share premium

Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Share option reserve

Cumulative expenses recognised on the granting of share options to the directors and employees over the vesting period. The amount will either be transferred to share capital when the share options are exercised, or be transferred to retained profits should the share options expire or be forfeited.

Merger reserve

Merger reserve of the Group represents the difference between the nominal value of the Company's shares issued pursuant to the Group's re-organisation prior to the listing of the Company's shares and the nominal value of the aggregate share capital and the share premium of subsidiaries.

Translation reserve

Translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations. At the date of transition to IFRS upon adoption, the cumulative translation reserve amount of S$556,000 was adjusted against the opening balance of retained profits (Note 2.1).

26. COMMITMENTS

The Group has the following commitments as at the reporting dates in respect of:

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Contracted but not provided for, in respect of acquisition of			
– Property, plant and equipment	**1,881**	2,991	2,580

27. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following individual and companies are related parties that had transactions or balances with the Group during the year:

Name of the related party	Relationship with the Group
Mrs. Lim	Mr. Alan Lim's spouse
Autoworld Hub Pte. Ltd. ("**Autoworld Hub**")[(i)]	A related company partially owned by Mr. Alan Lim
Cheng Yap Construction Pte. Ltd. ("**Cheng Yap**")	A related company wholly owned by Mr. Alan Lim's brother
Golden Empire Civil Engineering Pte. Ltd. ("**Golden Empire**")	A related company partially owned by Mr. Alan Lim
Golden Empire-Huationg Pte. Ltd. ("**Golden Empire-Huationg**")	A related company partially owned by Mr. Alan Lim
Hulett Construction (S) Pte. Ltd. ("**Hulett Construction**")	A related company wholly owned by Mr. Alan Lim and his spouse
United E&P Pte. Ltd. ("**United E&P**")[(ii)]	A related company beneficially partially owned by Mr. Alan Lim
We Lim Builders Pte. Ltd. ("**We Lim Builders**")	A related company wholly owned by Mr. Alan Lim and his spouse

(i) During the year, Mr. Alan Lim has disposed his interest in Autoworld Hub. Accordingly, Autoworld Hub is no longer a related party of the Group.

(ii) During the year, Mr. Alan Lim has disposed his interest in United E&P Holdings Pte. Ltd. Accordingly, United E&P is no longer a related party of the Group.

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material related party transactions during the year:

	2021 **S$'000**	2020 S$'000
Construction contract work and earthwork ancillary services income received from related parties		
– Mrs. Lim	**21**	–
– Cheng Yap	**4**	3
– Golden Empire#	**849**	1,862
– Golden Empire-Huatong#	**286**	355
– United E&P#	**3**	17
– Chuan Lim – United E & P Joint Venture	**58**	–
	1,221	2,237
Construction costs and related supporting service fees charged by related parties		
– Autoworld Hub	**–**	1
– Cheng Yap#	**79**	51
– Golden Empire#	**1,261**	2,427
– Golden Empire-Huatong#	**–**	33
– Hulett Construction#	**2,489**	2,123
– United E&P#	**417**	165
	4,246	4,800
Rental expenses charged by a related party		
– Hulett Construction#	**96**	88

The transactions with the related parties constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

All the transactions with the related parties were negotiated and carried in the ordinary course of business and at terms agreed between the parties.

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2021 S$'000	2020 S$'000
Short-term employee benefits	**2,118**	2,125

(d) Details of amounts due from/(to) related parties are as follows:

	31 December 2021 S$'000	Maximum amount outstanding during the year S$'000	31 December 2020 S$'000	Maximum amount outstanding during the prior year S$'000	1 January 2020 S$'000
Mrs. Lim	**3,087**	3,087	3,066	3,102	3,102
Autoworld Hub	**–**	–	–	(1)	–
Cheng Yap	**(4)**	(32)	(22)	(31)	(20)
Golden Empire	**72**	588	93	1,534	97
Golden Empire-Huationg	**37**	190	69	261	(387)
Hulett Construction	**881**	1,404	912	1,944	1,029
United E&P	**–**	(412)	28	173	(149)
Chuan Lim – United E & P Joint Venture	**25**	25	–	–	–

The amounts due from/(to) related parties are unsecured, interest-free and repayable on demand.

28. CONTINGENT LIABILITIES

Performance bonds provided for in the ordinary course of business.

As at 31 December 2021, the Group had contingent liabilities in respect of performance bonds of construction contracts in its ordinary course of business of S$3,588,000 (31 December 2020: S$2,551,000; 1 January 2020: S$2,817,000). The guarantees in respect of performance bonds issued by banks, which are secured by pledged deposits (Note 20).

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Borrowings *(Note 24)* S$'000	Lease liabilities S$'000	Total S$'000
At 1 January 2020	–	19,992	19,992
New lease	–	1,821	1,821
Financing cash outflows	–	(7,812)	(7,812)
COVID-19 related rent concession	–	(65)	(65)
Proceed from borrowings	5,000	–	5,000
Interest element on lease liabilities	–	(519)	(519)
Interest on borrowings	(61)	–	(61)
Interest expense	61	519	580
At 31 December 2020 and 1 January 2021	5,000	13,936	18,936
New lease	–	674	674
Re-measurement of lease liabilities	–	(615)	(615)
Financing cash outflows	–	(6,866)	(6,866)
Interest element on lease liabilities	–	(343)	(343)
Repayment of borrowings	(704)	–	(704)
Interest on borrowings	(96)	–	(96)
Interest expense	96	343	439
At 31 December 2021	4,296	7,129	11,425

Major non-cash transactions

During the year ended 31 December 2021, the Group purchased certain property, plant and equipment with a total capital value of S$903,000 (2020: S$1,654,000) under lease arrangements. Of these amounts, S$229,000 (2020: S$166,000) was paid as deposits and down payments and the remaining balances of S$674,000 (2020: S$1,488,000) was financed by entering into lease arrangements during the year ended 31 December 2021.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in subsidiaries	**44,791**	45,790	45,790
Current assets			
Deposits, prepayments and other receivables	**99**	40	8,618
Amount due from subsidiaries	**14,362**	19,347	1,567
Cash and cash equivalents	**5,339**	1,822	17,117
	19,800	21,209	27,302
Total assets	**64,591**	66,999	73,092
Current liabilities			
Other payables and accruals	**142**	187	247
Net current assets	**19,658**	21,022	27,055
Net assets	**64,449**	66,812	72,845
EQUITY			
Equity attributable to owners of the Company			
Share capital	**1,767**	1,807	1,807
Reserves *(Note)*	**62,682**	65,005	71,038
Total equity	**64,449**	66,812	72,845

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

Reserves

	Share premium S$'000	Contributed surplus* S$'000	Share option reserve S$'000	Translation reserve S$'000	Accumulated losses S$'000	Total S$'000
At 1 January 2020 (HKFRS framework)	27,860	45,790	–	(572)	(2,040)	71,038
Effects of adoption of IFRS (Note 2.1)	–	–	–	572	(572)	–
At 1 January 2020 (IFRS framework)	27,860	45,790	–	–	(2,612)	71,038
Loss for the year	–	–	–	–	(6,035)	(6,035)
Other comprehensive loss:						
Exchange differences arising on translation	–	–	–	(165)	–	(165)
Total comprehensive loss for the year	–	–	–	(165)	(6,035)	(6,200)
Equity-settled share option arrangements	–	–	167	–	–	167
At 31 December 2020 (IFRS framework)	27,860	45,790	167	(165)	(8,647)	65,005
Effects of change in functional currency *(Note 2.1)*	(610)	(999)	(7)	165	492	(959)
At 1 January 2021 (IFRS framework)	27,250	44,791	160	–	(8,155)	64,046
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	(1,725)	(1,725)
Equity-settled share option arrangements	–	–	361	–	–	361
At 31 December 2021	27,250	44,791	521	–	(9,880)	62,682

* The contributed surplus of the Company represents the difference between the net asset value of the subsidiary acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the Group's re-organisation prior to the listing of the Company's shares.

31. PARTICULARS OF SUBSIDIARIES

The following list contains the particulars of subsidiaries, of which the Company has direct or indirect interests in and all of which are private companies with limited liability:

Company name	Place of incorporation	Principal place of operations	Particulars of issued and fully paid-up share capital	Effective interest held by the Company	Principal activities
Interest held directly					
Longlands Holdings Limited[(a)]	British Virgin Islands	Singapore	US$100	100%	Investment holding
Advance Data Global Limited[(a)]	British Virgin Islands	British Virgin Islands	US$1	100%	Investment holding
Interest held indirectly					
Chuan Lim Construction Pte. Ltd.[(b)]	Singapore	Singapore	S$6,500,000	100%	General contractors and builders
CLC Machinery Pte. Ltd.[(b)]	Singapore	Singapore	S$1,000,000	100%	Renting of construction and civil engineering machinery and equipment

(a) No audited financial statements have been prepared as it is not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of its incorporation. They are also not material for the purposes of the Group audit.

(b) The statutory financial statements for the year ended 31 December 2021 prepared under Singapore Financial Reporting Standards are audited by Ernst & Young LLP.

32. SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted pursuant to written resolutions of the Shareholders passed on 10 May 2016 for the purpose of providing incentives or rewards to employees and other eligible participants, and will expire on 9 May 2026. Under the Share Option Scheme, the board of directors (the "**Board**") may grant options to employees and eligible participants, including suppliers and customers, to subscribe for shares of the Company. 10,364,000 (31 December 2020: 79,224,000; 1 January 2020: Nil) Shares under Share Option Scheme was granted during the year.

32. SHARE OPTION SCHEME (CONTINUED)

(i) Purpose

The purpose of the Share Option Scheme is to enable the Board to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre eligible participants and attract human resources that are valuable to the Group.

(ii) Eligible participants

Eligible participants include any employees or proposed employees (whether full time or part time, including any directors) of any members of the Group or invested entity, any suppliers of goods or services, any customers, any persons or entities that provides research, development or other technological support, any shareholders or other participants who contributes to the development and growth of the Group or any invested entities.

(iii) Total number of shares available for issue

The total number of shares available for issue under the Share Option Scheme is 100,000,000 shares, representing 9.6% of the shares of the Company in issue immediately upon completion of the public share offering and the capitalisation issue.

(iv) Maximum entitlement of each eligible participant

No option shall be granted to any eligible participants if any further grant of options 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-months period up to and including such further grant would exceed 1% of the total number of Shares in issue from time to time (the "**Participant Limit**"), unless:

(i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the eligible participant and his close associates shall abstain from voting;

(ii) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the eligible participant, the number and terms of the options to be granted and the options previously granted to such eligible participant); and

(iii) the number and terms (including the exercise price) of such option are fixed before the Shareholders' approval is sought.

32. SHARE OPTION SCHEME (CONTINUED)

(v) Option period and payment on acceptance of an option

An offer of grant of an option may be accepted by an eligible participant within 21 days from the date of grant upon payment of HK$1.00. Option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the Board to the grantee which, in any event, shall not be longer than 10 years commencing from the date of the offer letter and expiring on the last day of such ten-years period.

(vi) Minimum period for which an option must be held before it can be exercised

There is no minimum period for which an option must be held before it can be exercised unless otherwise determined by the Board at the time of grant.

(vii) Exercise price of shares

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (the "Offer Date"), which must be a trading day;

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and

(iii) the nominal value of a Share on the Offer Date.

The Company has granted a total of 89,588,000 share options to subscribe for an aggregate of 89,588,000 ordinary shares of HK$0.01 each in the capital of the Company, comprising:

(i) 44,728,000 share options to four directors; and

(ii) 44,860,000 share options to certain qualified participants, being employees of the Group.

32. SHARE OPTION SCHEME (CONTINUED)

(vii) Exercise price of shares (Continued)

(a) The terms and conditions of the grants are as follows:

Date of grant		Number of options granted	Vesting conditions	Exercise period
Options granted to directors:				
28 October 2020	Tranche 1	24,000,000	195 days from the date of grant	10 May 2021 to 9 May 2026 (both days inclusive)
28 October 2020	Tranche 2	10,364,000	354 days from the date of grant	16 October 2021 to 9 May 2026 (both days inclusive)
29 October 2021	Tranche 4	10,364,000	354 days from the date of grant	16 October 2022 to 9 May 2026 (both days inclusive)
Options granted to employees:				
28 October 2020	Tranche 3	44,860,000	195 days from the date of grant	10 May 2021 to 9 May 2026 (both days inclusive)
		89,588,000		

32. SHARE OPTION SCHEME (CONTINUED)

(vii) Exercise price of shares (Continued)

(b) The number and weighted average exercise prices of share options are as follows:

	2021		2020	
	Weighted average exercise price HK$	Number	Weighted average exercise price HK$	Number
At beginning of the year	0.09	79,224,000	–	–
Granted during the year	0.22	10,364,000	0.09	79,224,000
Outstanding at end of the year	0.11	89,588,000	0.09	79,224,000
Exercisable at end of the year	–	–	–	–

None of the above share options were exercised during the year.

The weighted average exercise price of options outstanding at the end of the year was HK$0.11 and their weighted average remaining contractual life was 4.4 years.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimation of the fair value of the share options granted is measured based on a binomial option pricing model. The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

32. SHARE OPTION SCHEME (CONTINUED)

(vii) Exercise price of shares (Continued)

(c) Fair value of share options and assumptions (Continued)

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Share price (HK$)	0.086	0.086	0.086	0.086
Exercise price (HK$)	0.090	0.090	0.090	0.220
Expected volatility	60%	60%	60%	60%
Expected option life	5.5 years	5.5 years	5.5 years	4.4 years
Expected dividend	0%	0%	0%	0%
Risk-free rate	0.26%	0.26%	0.26%	0.26%

The weighted average fair value of each option granted during the year ended 31 December 2021 was HK$0.04.

The expected volatility is based on the historic volatility (calculated based on the expected remaining life of the share options), adjusted for any expected changes to future volatility base on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition as not been take into account in the grant date fair value measurement of the services received. There were no market conditions associated with the grants of the share options.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The board of directors meets periodically to analyse and formulate measures to manage and monitor the Group exposure to market risk including principally changes in interest rate and currency exchange rates, credit and liquidity risk. There has been no change to the Group's exposures to these financial risks or the manner in which it manages and measures the risks.

Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposures to market risks is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and agree policies for managing each of these risks and they are summarised below:

Equity price risk

The Group is exposed to equity price risk through its investments in quoted equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk profiles and the Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise. The Group's equity price risk is concentrated on equity securities listed in Hong Kong and Singapore, and these investments are diversified into several different industries.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of each reporting date. If the prices of the quoted equity securities classified as financial assets at FVOCI had been 10% higher/lower, the fair value reserve for the year would increase/decrease by S$63,000 (31 December 2020: S$67,000; 1 January 2020: S$94,000) as a result of the changes in fair value of the investments.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group's transactions are mainly denominated in S$ which is the functional currency of the Group. As at 31 December 2021, the Group's assets and liabilities denominated in other currencies other than S$ are disclosed in Notes 16 and 20. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group is mainly exposed to the foreign currency risk of HK$ and US$. The following table details the sensitivity of the Group's for the year in regards to a 5% appreciation in S$ against the relevant foreign currencies. 5% is the sensitivity rate used which represents management's best assessment of the reasonably possible change in foreign exchange rates. A 5% depreciation in S$ against the relevant foreign currencies would have the same magnitude on the Group's results for the year.

	2021 **S$'000**	2020 S$'000
HK$ to S$	**419**	546
US$ to S$	**223**	286

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables, contract assets and the contingent liabilities. For other financial assets, the Group minimise credit risk by dealing exclusively with high credit rating counterparties. The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis.

The Group applied simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses below also incorporate forward-looking information.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables

The Group recognised lifetime ECL for its trade receivables based on individually significant customer, including individual and related companies, or the ageing of customers collectively that are not individually significant as follow:

31 December 2021	Weighted average lifetime S$'000	Gross carrying amount S$'000	Loss allowance S$'000
Neither past due nor impaired	2%	8,633	84
1 to 30 days past due	2%	4,591	11
31 to 90 days past due	2%	3,596	19
91 to 180 days past due	2%	400	6
181 to 365 days past due	13.2%	277	37
Over 365 days past due	96.5%	50	–
		17,547	157
Individual assessment			
– Non-related parties	100%	1,138	1,138
– Related parties	3%	1,085	33
– Retention receivables	5%	303	9
		2,526	1,180
Total		20,073	1,337

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

31 December 2020	Weighted average lifetime S$'000	Gross carrying amount S$'000	Loss allowance S$'000
Neither past due nor impaired	1.5%	7,509	113
1 to 30 days past due	3%	2,704	81
31 to 90 days past due	5%	1,051	53
91 to 180 days past due	11%	548	60
181 to 365 days past due	14%	34	5
Over 365 days past due	50%	25	12
		11,871	324
Individual assessment			
– Non-related parties	100%	983	983
– Related parties	5%	1,652	83
– Retention receivables	8%	187	15
		2,822	1,081
Total		14,693	1,405

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

1 January 2020	Weighted average lifetime S$'000	Gross carrying amount S$'000	Loss allowance S$'000
Neither past due nor impaired	0.5%	7,676	38
1 to 30 days past due	1.5%	1,619	24
31 to 90 days past due	3%	876	26
91 to 180 days past due	8%	452	36
181 to 365 days past due	10%	977	98
Over 365 days past due	42%	106	45
		11,706	267
Individual assessment			
– Non-related parties	100%	2,036	2,036
– Related parties	3%	1,592	48
– Retention receivables	5%	223	11
		3,851	2,095
Total		15,557	2,362

Expected loss rates are based on actual loss experience of the Group in the past. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Contract assets

An assessment is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighed 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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Contract assets (Continued)

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

At 31 December 2021

	Non credit-impaired S$'000	Credit-impaired S$'000	Total S$'000
Gross carrying amount	**24,320**	**–**	**24,320**
Expected credit losses	**(224)**	**–**	**(224)**
Expected credit loss rate	**0.5%**	**N/A**	**24,096**

At 31 December 2020

	Non credit-impaired S$'000	Credit-impaired S$'000	Total S$'000
Gross carrying amount	29,122	–	29,122
Expected credit losses	(437)	–	(437)
Expected credit loss rate	1.5%	N/A	28,685

At 1 January 2020

	Non credit-impaired S$'000	Credit-impaired S$'000	Total S$'000
Gross carrying amount	26,532	122	26,654
Expected credit losses	(133)	(122)	(255)
Expected credit loss rate	0.5%	100%	26,399

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Other receivables

Impairment on other receivables is measured as either 12-months expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available, reasonable and supportive forward-looking information.

During the year, the following expected credit losses were recognised in profit or loss in relation to other receivables:

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Provision for ECL recognised in profit or loss for the year	–	5,217	114

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions and counterparties will fail to meet their obligations.

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

At the end of the reporting period, the Group has significant concentration of credit risk from various customers. In view of their good payment record and long established relationships with the Group, management does not consider the Group's credit risk to be significant. At 31 December 2021, 27% (31 December 2020: 9%; 1 January 2020: 13%) of the total trade debtors was due from the Group's largest customer and 47% (31 December 2020: 20%; 1 January 2020: 27%) of the total trade debtors was due from the Group's five largest customers.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value measurements recognised in the consolidated statement of financial position

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial asset and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

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

Some of the Group's financial assets are measured at fair value at the reporting dates. The following table gives information about how the fair values of these financial assets are determined.

Financial assets

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000	**Fair value hierarchy**
Financial assets at FVTPL				
Investment in life insurance policy at fair value	**1,423**	1,383	1,398	Level 3
Investment in property development projects	**5,681**	–	–	Level 3
Financial assets at FVOCI				
Quoted equity securities at fair value	**625**	669	939	Level 1
Unquoted equity security at fair value	**300**	–	–	Level 3

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value measurements recognised in the consolidated statement of financial position (Continued)

Financial assets (Continued)

Notes:

(a) The fair value of investment in life insurance policy purchased for a key management personnel of the Group is determined based on the cash surrender value in accordance with the keyman insurance contract which is not an observable input. Management estimates the fair value based on the latest policy statement of the keyman insurance contract provided by the insurance company. An increase/(decrease) in the cash surrender value will increase/(decrease) the fair value.

(b) The fair value of the investment in property development projects is determined based on the projected return from the projects which is not an observable input. An increase/(decrease) in the projected return will increase/(decrease) the fair value.

(c) The fair value of the quoted equity securities has been determined directly reference to published price quotation in active market.

(d) The fair value of the equity security relates to funds which invest primarily in unquoted assets has been determined based on the investor statements issued by the fund managers. An increase/(decrease) in the projected cash flows will increase/(decrease) the fair value.

There were no transfers between different levels during the year.

The following table presents the change in Level 3 instruments:

	2021 S$'000	2020 S$'000
Financial assets at FVTPL		
At 1 January	**1,383**	1,398
Additions	**5,299**	–
Fair value gains/(losses) recognised in profit or loss (unrealised)	**422**	(15)
At 31 December	**7,104**	1,383
Financial assets at FVOCI		
At 1 January	**–**	–
Additions	**300**	–
At 31 December	**300**	–

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value measurements recognised in the consolidated statement of financial position (Continued)

Financial assets (Continued)

Valuation policies and procedures

The management oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information such as insurance statements and fund manager statements are used to measure fair values, then the management assesses and documents the evidence obtained from the third party to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Liquidity risk

The Group monitors and maintains 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 relies on internally generated funding and borrowings as significant sources of liquidity. The Group also monitors the utilisation of borrowings and ensures compliance with loan covenants.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the reporting dates, based on the contractual undiscounted payments, are as follows:

	Carrying amount S$'000	Total contractual undiscounted cash flow S$'000	On demand S$'000	Within 1 year S$'000	More than 1 year but less than 2 years S$'000	More than 2 years but less than 5 years S$'000	After 5 years S$'000
At 31 December 2021							
Trade payables	7,105	7,105	7,105	–	–	–	–
Other payables and accruals	3,963	3,963	3,963	–	–	–	–
Borrowings	4,296	4,448	–	1,302	1,302	1,844	–
Lease liabilities	7,129	7,304	1,297	3,307	2,146	554	–
	22,493	22,820	12,365	4,609	3,448	2,398	–
At 31 December 2020							
Trade payables	11,297	11,297	11,297	–	–	–	–
Other payables and accruals	2,523	2,523	2,523	–	–	–	–
Borrowings	5,000	5,248	–	800	1,302	3,146	–
Lease liabilities	13,936	14,585	3,895	4,448	3,166	3,076	–
	32,756	33,653	17,715	5,248	4,468	6,222	–

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

	Carrying amount S$'000	Total contractual undiscounted cash flow S$'000	On demand S$'000	Within 1 year S$'000	More than 1 year but less than 2 years S$'000	More than 2 years but less than 5 years S$'000	After 5 years S$'000
At 1 January 2020							
Trade payables	**10,695**	**10,695**	**10,695**	–	–	–	–
Other payables and accruals	**3,383**	**3,383**	**3,383**	–	–	–	–
Lease liabilities	**19,992**	**21,015**	**7,248**	**5,564**	**3,669**	**4,534**	–
	34,070	**35,093**	**21,326**	**5,564**	**3,669**	**4,534**	–

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the reporting dates are as follows:

Financial assets

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Financial assets at FVTPL:			
– Investment in life insurance policy at fair value	**1,423**	1,383	1,398
– Investment in property development projects	**5,681**	–	–
	7,104	1,383	1,398
Financial assets at amortised cost:			
– Investment in corporate bond	**250**	250	250
– Investment in property development projects	**–**	1,000	1,000
– Trade receivables	**18,736**	13,288	13,195
– Other receivables	**307**	1,243	9,124
– Pledged deposits	**1,276**	3,392	3,359
– Cash and cash equivalents	**31,514**	46,238	44,772
	52,083	65,411	71,700
Financial assets at FVOCI:			
– Quoted equity securities at fair value	**625**	669	939
– Unquoted equity security at fair value	**300**	–	–
	925	669	939
Total	**60,112**	67,463	74,037

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
At amortised cost:			
– Trade payables	**7,105**	11,297	10,695
– Other payables and accruals	**3,963**	2,523	3,383
– Borrowings	**4,296**	5,000	–
– Lease liabilities	**7,129**	13,936	19,992
Total	**22,493**	32,756	34,070

35. CAPITAL MANAGEMENT

The Group's capital management objectives include:

(i) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;

(ii) to support the Group's stability and growth; and

(iii) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity as capital. The amount of capital as at 31 December 2021 amounted to S$86,507,000 (31 December 2020: S$84,816,000; 1 January 2020: S$93,343,000), which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities. There is no externally imposed capital requirements on the Group.

36. EVENTS AFTER THE REPORTING PERIOD

(a) At the EGM held on 26 January 2022, the continuing connected transaction contemplated under the Supplemental Agreement 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" on page 25 of this annual report. The Litigation has no material impact on the business operation and the financial position of the Company.

37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 31 March 2022.