Chuan Holdings Limited
川控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1420

ANNUAL REPORT
2022

* For identification purposes only

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lim Kui Teng
Mr. Bijay Joseph
Mr. Lau Yan Hong (retired on 27 May 2022)
Mr. Quek Sze Whye (retired on 27 May 2022)

Non-executive Director

Mr. Phang Yew Kiat *(Chairman)*

Independent Non-executive Directors

Mr. Chan Po Siu (retired on 27 May 2022)
Mr. Wee Hian Eng Cyrus
Mr. Wong Ka Bo Jimmy (appointed on 27 May 2022)
Mr. Xu Fenglei

AUDIT COMMITTEE

Mr. Chan Po Siu *(Chairman)*
(retired on 27 May 2022)
Mr. Wong Ka Bo Jimmy *(Chairman)*
(appointed on 27 May 2022)
Mr. Wee Hian Eng Cyrus
Mr. Xu Fenglei

NOMINATION COMMITTEE

Mr. Phang Yew Kiat *(Chairman)*
Mr. Chan Po Siu (retired on 27 May 2022)
Mr. Wong Ka Bo Jimmy (appointed on 27 May 2022)
Mr. Xu Fenglei

REMUNERATION COMMITTEE

Mr. Xu Fenglei *(Chairman)*
Mr. Chan Po Siu (retired on 27 May 2022)
Mr. Lim Kui Teng
Mr. Wong Ka Bo Jimmy (appointed on 27 May 2022)

COMPANY SECRETARY

Mr. Ho Kai Tak

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

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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287-299 Queen's Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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Singapore 758207

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISER

As to Hong Kong law
Chow & Ho, Solicitors
Rooms 2102-03, 21/F, 299QRC
287-299 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

Maybank Singapore Limited
DBS Bank Ltd (Singapore)
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank 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 the Chuan Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**" or "**we**") for the current five financial years is set out below:

Highlights of Consolidated Statements of Comprehensive Income

	Year ended 31 December				
	2022	2021	2020	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**88,605**	85,416	72,401	77,658	93,476
Gross profit/(loss)	**6,198**	4,337	(4,074)	5,949	8,733
Profit/(loss) before income tax	**2,436**	1,847	(8,959)	1,246	3,901
Net profit/(loss) attributable to owners of the Company	**1,723**	1,500	(8,369)	998	3,055
Total comprehensive income/(loss) for the year attributable to the owners of the Company	**2,193**	1,456	(8,694)	686	3,420
Earnings/(loss) per share					
– basic (S cents)(1)	**0.17**	0.14	(0.81)	0.10	0.29
– diluted (S cents)(1)	**0.15**	0.13	(0.81)	0.10	0.29

Highlights of Consolidated Statements of Financial Position

	As at 31 December				
	2022	2021	2020	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Assets					
Non-current assets	**32,481**	33,299	25,321	33,667	31,886
Current assets	**78,054**	78,541	96,788	97,672	92,271
Total assets	**110,535**	111,840	122,109	131,339	124,157
Liabilities					
Non-current liabilities	**3,085**	5,732	10,259	8,024	5,657
Current liabilities	**18,667**	19,601	27,034	29,972	25,843
Total liabilities	**21,752**	25,333	37,293	37,996	31,500
Total equity	**88,783**	86,507	84,816	93,343	92,657
Net assets per share (S cents)(2)	**8.57**	8.35	8.18	9.01	8.94

Key Financial Ratios

	As at 31 December				
	2022	2021	2020	2019	2018
Current ratio (times)	**4.2**	4.0	3.6	3.3	3.6
Gearing ratio (times)	**0.1**	0.1	0.2	0.2	0.2
Gross profit/(loss) margin (%)	**7.0%**	5.1%	(5.6%)	7.7%	9.3%
Profit/(loss) for the year margin (%)	**1.9%**	1.8%	(11.6%)	1.3%	3.3%
Return/(loss) on equity (%)	**1.9%**	1.7%	(9.9%)	1.1%	3.3%

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 (the "**Shares**") of HK$0.01 each in the share capital of the Company in issue. The weighted average number of Shares for the financial year ended 31 December 2018 to 2022 was 1,036,456,000. The weighted average number of Shares adjusted for the effects of dilution from the Group's share options for the financial year ended 31 December 2021 and 2022 was 1,126,044,000 and 1,136,408,000 respectively. There was no dilutive effect on the impact of the exercise of the share options as they were anti-dilutive during the financial year ended 31 December 2018, 2019 and 2020.

(2) Net assets per share is calculated by dividing net assets by the number of Shares in issue as at the respective year ends. As at 31 December 2017, the number of Shares in issue was 1,037,500,000 Shares. As at 31 December 2018, 2019, 2020, 2021 and 2022, the number of Shares in issue was 1,036,456,000 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 financial year ended 31 December 2022 (the "**Year**" or the "**Reporting Year**" or "**2022**").

In 2022, our operations were both positively and adversely influenced by external developments. The global economy remained challenging, hit hard by the twin headwinds of escalating geopolitical tensions and persistent high inflation, which had broadened out across countries. Yet the global economy has weathered those headwinds better than expected since the fourth quarter of 2022 following the stabilisation of the Coronavirus Disease 2019 pandemic ("**COVID-19**" or "**pandemic**") and the gradual recovery of economic activities.

Singapore recorded a moderate pace of economic expansion during the Year, and the country's construction sector witnessed a relatively steady expansion following the lifting of COVID-19 border and community restrictions. However, despite the beginning of a recovery in the industry, issues such as high construction materials costs and ongoing labour shortages remained key challenges among construction firms. Against this backdrop, the Group continued to demonstrate business resilience and continued its steady advance towards the goal of becoming a major contractor with a leading position in Singapore's construction industry.

BUILDING ON SUCCESS

With more than two decades of experience under our belt, we leveraged our enviable know-how and our competitive edge to deliver timely, reliable and high-quality services to our clients. We remained resilient and achieved solid results by adjusting tendering strategies and delivering projects in a timely manner, resulting in steady revenue growth of approximately 3.7% and an increase of approximately 14.9% in net profit attributable to the owners of the Company amid a surge of approximately 42.9% in gross profit during the Year. Progress on several key infrastructure projects secured in previous years slowed during 2022, due mainly to delays in commencements of upstream activities such as bored piling and diaphragm wall construction by the Group's clients, leading to revenue growth that was less rapid than expected, reaching approximately S$88.6 million.

Although Singapore's government ended construction levy rebate benefits for foreign workers and reduced assistance to the sector during the Year, the Group's financial burden was partly offset, and as a result, net profit attributable to the owners of the Company amounted to approximately S$1.7 million. Remaining nimble in its response to market conditions, the Group also adjusted its strategies swiftly to tender for projects with tenures of less than 12 months and which required immediate commencement, filling the gap left by disruptions to mega-projects, in addition to adopting stringent cost control measures such as introducing environmental-friendly machinery.

The award of the Group's A2-grade contractor status for civil engineering and general building in the Singapore's Building and Construction Authority ("**BCA**") Contractors Registry System has paved the way for it to secure more mega-projects with higher margins and overall profitability. In line with the Singapore government's commitment to rolling out more mega-infrastructure projects, the Group not only leveraged its outstanding capabilities and innovative technologies, but also strategically partnered with leading enterprises to tender for public infrastructure projects. This enabled the Group to win several signature mega-projects, including the Woodlands Regional Centre and the Tuas Terminal, with total contract values approaching approximately S$100 million.

FUTURE-FOCUSED

The global economic outlook for 2023 is forecast to remain gloomy, with multiple macroeconomic headwinds including persistently high inflation, ongoing geopolitical tensions, high living costs and rising interest rates being expected to persist. Uncertainty and volatility will remain two key themes for this year.

Despite the challenging external economic environment, Singapore's construction sector is poised for a steady recovery as border restrictions are lifted following the designation of a COVID-19 "new normal" in Singapore. Prospects for the industry remain encouraging in view of the government's tremendous support and funding, and mega-construction projects such as the North-South Corridor, Changi Airport's Terminal 5 and Tuas Port will provide more opportunities in the years ahead. A pick-up in construction activity is also expected, thanks to the rescheduling of some major projects from 2022 to 2023 and the redevelopment of ageing commercial premises. The Group is well prepared and will stay abreast of every opportunity, maintaining a prudent approach when formulating development plans and forging partnerships to diversify risks and optimise returns.

To diversify its revenue streams, the Group has tapped opportunities to tender for more mega-infrastructure projects and public housing projects with higher margins. As the pandemic subsides, countries are reopening their borders, leading to a recovery in tourism, and the Group sees abundant opportunities in the commercial property sector, especially in the refurbishment of attractions and hotels. It is thus actively engaged in such developments, having won projects such as the Resorts World Sentosa Festive Hotel Guestroom, with a contract value of approximately S$20.2 million. The Group will continue to monitor market trends closely and pursue an increasing number of fresh opportunities to drive its long-term sustainable revenue growth.

As it strengthens its core business, the Group will continue to provide higher-quality customer services and forge ever-closer ties with its existing clients while pursuing opportunities to tender for public projects with higher margins and contract values. To support the transition to green economy, the Group will continue to make every effort to improve its operational efficiency and focus on principles of environmental conservation. In its orders of machinery, the Group will bolster its investment in upgrades to greener technologies and continue to foster a culture of environmental consciousness and safety among its employees. It will also seek opportunities to expand its business in green public eco-infrastructure and private industrial projects. With the "Think Green; Go Green" vision at the core of its values, the Group is committed to integrating sustainability into all aspects of its operations and businesses to generate long-term value.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation and wholehearted gratitude to our management team and all of our staff for their professionalism, hard work, dedication and overall contributions. I would also like to convey my most sincere gratitude to our shareholders, business associates, professional stakeholders and clients for their unwavering support over the years. Despite the many uncertainties on the horizon, we are confident that Singapore is on its way to recovery as the pandemic gradually subsides. Bringing to bear our considerable depth of experience and breadth of expertise, we remain committed to bolstering our business foundations and strengthening our industry leadership in Singapore, all the while progressing towards our goal of achieving sustainable profitability and creating the greatest long-term value for our shareholders.

Chuan Holdings Limited
Phang Yew Kiat
Chairman and Non-executive Director
30 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the Group's annual results for the year ended 31 December 2022, together with comparative figures for the year ended 31 December 2021.

INDUSTRY REVIEW

During the Year, global economic growth was overshadowed by surging inflation, tightening monetary policy and escalating geopolitical tensions between regions, despite the easing of COVID-19. Amid this challenging economic environment, Singapore's economy recorded slower growth of 3.6% in 2022, down from 7.6% in 2021 due largely to weaker external demand, according to the Ministry of Trade and Industry of Singapore ("**MTI**").

Following the relaxation of pandemic-related restrictions, Singapore's construction industry expanded 6.7% year-on-year, thanks mainly to the increased construction output in both the public and private sectors. Preliminary total construction demand for 2022 reached S$29.8 billion, which was within the BCA's forecast of S$27 billion to S$32 billion. Construction demand remained robust during the Reporting Year, supported by a strong pipeline of residential and infrastructure projects in both the private and public sectors, including constituent projects of the Home Improvement Programme alongside healthcare and infrastructure developments. Construction demand reached S$17.9 billion in the public sector and S$11.9 billion in the private sector.

Despite recovering sentiment in the construction industry, the sector still faced notable challenges, such as labour and materials shortages and resulting cost pressures. In addition, the sector's government-granted foreign worker levy rebate was phased out in the second half of the Year. Higher workers' dormitory costs resulting from supply shortages remained one of the most pressing issues.

In order to drive economic growth, Singapore's government pushed ahead with several key infrastructure projects, including the first phase of the Cross Island Mass Rapid Transit ("**MRT**") Line project, the Jurong Region MRT Line and healthcare facilities for the Ministry of Health of Singapore, resulting in an increase in employment. Total employment grew by an unprecedented 231,700 in 2022, exceeding the pre-pandemic level by 3%, according to the Ministry of Manpower of Singapore. The increase was driven mainly by the inflow of non-local residents following the relaxation of border controls in April 2022 and their backfilling of vacancies, particularly in industries that are more reliant on foreign labour, such as construction industry. At the same time, employment among local residents showed a recorded improvement, albeit at a slower pace than in 2021, as the unemployment rate gradually fell.

In order to drive growth, Singapore's government announced in August 2022 that mega-infrastructure projects such as the North-South Corridor, Changi Airport's Terminal 5, Tuas Port and the new town in Paya Lebar would be key sector developments, and that spending on these projects would aid the construction industry's growth for the next three to four years. In addition, the government also announced the launch of an online marketplace, aiming to connect major stakeholders – governments, developers and financiers – while improving the visibility of the infrastructure project pipeline across the region to support infrastructure development. With an estimated total infrastructure investment requirement of US$2 trillion to build sustainable infrastructure in Southeast Asia by 2030, it is believed that such projects will present enormous opportunities for the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Amid the gradual improvement in construction activity, the Group maintained a pragmatic approach to its operations in the face of a complex and volatile macro environment, and preserved its competitive edge in order to support the government's plans to enhance high-productivity construction.

OVERALL PERFORMANCE

As a key earthworks contractor in Singapore, the Group has built a formidable reputation as a market leader for more than two decades, consistently dedicating itself to providing timely, reliable and high-quality services with a commitment to integrity and the finest workmanship while adhering to all safety and regulatory requirements.

During the Reporting Year, geopolitical tensions among regions, global supply chain disruptions, and ongoing increases in interest rates dampened the global economic recovery. In Singapore, as the pandemic remained stable, the government began to establish a "new normal" with a further easing of community and border restrictions, leading to a revival in business activities. The construction sector also showed signs of recovery, thanks to the government's tireless efforts to promote new infrastructure projects, and construction activity resumed in a gradual manner.

Redoubling its efforts to ensure an acceleration of activity and development, the Group recorded a revenue increase of approximately 3.7% compared to the previous year, generally in line with Singapore's overall economic growth in 2022, to reach approximately S$88.6 million. Although the industry was on a growth track, the Group's revenue growth was less rapid than expected, due mainly to the slower progress of several key infrastructure projects secured in previous years, which resulted largely from delays in commencements of upstream activities such as bored piling and diaphragm wall construction by the Group's clients, hindering the progressive recognition of its revenue. Nonetheless, the Group promptly adjusted its tendering strategies to focus additionally on short-term projects with tenures of less than 12 months that required immediate commencement to fill the gap caused by hiccups in mega-projects.

The Group's operating costs remained persistently high during the Reporting Year amid rising oil prices and higher labour and materials costs. Accordingly, the Group adopted stringent cost control measures such as shifting more construction works off-site, employing more foreign workers, and introducing environmental-friendly machinery to combat these cost pressures. Helped by revenue growth, the Group's gross profit surged approximately 42.9% to approximately S$6.2 million, up from approximately S$4.3 million as at 31 December 2021, and its gross profit margin stood at approximately 7.0%, higher than the gross profit margin of 5.1% recorded as at 31 December 2021. Although the Group received less government assistance and ceased to benefit from the construction levy rebate for foreign workers during the Reporting Year, its financial burden was partly offset. Subsequently, net profit attributable to owners of the Company amounted to approximately S$1.7 million, an increase of approximately 14.9% compared to the previous year.

The Group continued to leverage its proven track record and professional expertise in the industry, and managed to secure a total of 33 projects in public infrastructure, residential and industrial segments during the Reporting Year. In addition, its upgrade to A2-grade contractor status for civil engineering and general building in the BCA's Contractors Registry System in 2021 has enabled the Group to tender for sizable public sector projects, a step closer to achieving success in direct tenders as a main contractor. The Group strategically partnered with enterprises with complementary skills and capabilities during the Reporting Year to launch bids in the government's infrastructure segment and increase its chances of winning such bids. Moreover, to further enhance competitiveness, the Group has stepped up its investment in machinery with 3D features, which has helped to enhance productivity, improve safety and reduce labour requirements, and, most importantly, to achieve sustainability goals by reducing fuel consumption.

In a move to bolster its presence in Singapore and diversify its operational risks, the Group sought to expand into the property redevelopment business. Through collaborating with prominent and reputable listed companies, the Group invested in landmark projects in Singapore to diversify its investments. During the Reporting Year, these investments bore fruit, with redevelopment projects already fruiting fair value gain. Leveraging its extensive experience in the industry, the Group will continue to seize redevelopment joint-venture project opportunities to meet rising demand in the industrial and commercial property markets.

Earthworks and Ancillary Services

During the Reporting Year, the earthworks and ancillary services segment remained the Group's major source of revenue, accounting for approximately 90.5% of total revenue, or approximately S$80.2 million, up from approximately S$71.4 million for the financial year ended 31 December 2021. The increase was attributable mainly to the gradual pick-up in construction activity, providing the Group with room for execution on projects secured in previous years and in 2022.

The Group was engaged in a total of 78 ongoing earthworks and ancillary services projects as at 31 December 2022. It secured 29 new projects in the segment, with a total contract value of approximately S$68.8 million during the Reporting Year. The Group persevered with its strategic tendering approach to win sizeable public infrastructure projects with higher margins and values, while adjusting to tendering for smaller projects with immediate commencement requirement to prevent resources becoming idle.

General Construction Works

In the general construction works segment, fierce competition persisted as projects in the commercial sector increased amid the refurbishment of attractions and hotels in preparation for a revival of inbound travel. However, the segment experienced a delayed pick-up in activity, resulting in a smaller-than-expected revenue contribution of approximately S$8.4 million, down from approximately S$14.0 million as at 31 December 2021.

The Group was engaged in 7 ongoing general construction works projects during the Reporting Year. It secured 4 new general construction works projects in 2022 with a total contract value of approximately S$29.2 million.

PROSPECTS

This year marks the beginning of the end of COVID-19 as border and community restrictions are gradually lifted and more countries take steps towards a return to normal. The International Monetary Fund expects the global economy to grow 2.9%, a forecast better than the 2.7% expansion it had predicted earlier, albeit lower than the estimated 3.4% growth in 2022. Global growth prospects have improved, although the impacts of aggressive interest rate increases, consumer inflation and geopolitical tensions remain key risks.

Singapore's economy grew faster than official forecasts in 2022, yet the pace of economic activity has slowed since the fourth quarter, pointing to more risks in 2023 amid weaker external demand and increased inflationary pressures. According to the MTI, Singapore's GDP growth is forecast to maintain a level of 0.5% to 2.5% in 2023. Although the economy is likely to struggle for growth, the Monetary Authority of Singapore expects that the country will enjoy a brighter outlook starting in the second half of this year. One of the contributors to this is expected to be a pick-up in construction activity due to the rescheduling of some major projects from 2022 to 2023 and the redevelopment of old commercial premises.

With the government having committed to prioritising public infrastructure, transport and housing projects, the BCA predicts that total construction demand in 2023 will range between S$27 billion and S$32 billion, with approximately 60% of the total demand originating from the public sector. Following the reopening of Singapore's borders, a stronger recovery in inbound travel and international visitor arrivals is expected to benefit the private sector, leading to increased demand for attractions and hotel refurbishment. The Group will continue to ride this momentum and proactively seek fresh opportunities in both the public and private sectors in order to fuel its future growth.

Since the grant of A2-grade status as a contractor for civil engineering and general building in the BCA's Contractors Registration System in 2021 – a testimony to the Group's impressive capabilities and expertise, outstanding track record and comprehensive experience – the Group has benefited from being able to secure higher-profitability construction projects and position itself as a main contractor for new mega-projects. Apart from forging close ties with existing clients through higher-quality customer services, the Group will take decisive measures to strategically pursue suitable opportunities and tenders for public projects with higher margins and contract values.

The Group's management (the "**Management**") is pleased to announce that, thanks to the ceaseless efforts of the Group's tendering team, it managed to secure 4 earthworks and ancillary services projects and 3 general construction projects in the first quarter of 2023, including a public residential upgrading project and a hotel refurbishment project. To maximise its opportunities for successful tendering, the Group will continue to step up efforts to form strategic project tendering alliances with leading enterprises in the earthworks and ancillary services segment and the general construction works segment.

Although the outlook for the local construction industry remains upbeat, the industry nevertheless faces a number of challenges in the near term, notably labour and materials shortages, and supply chain disruptions. The Group will pay close attention to market dynamics and adopt a pragmatic approach when crafting its strategies. In a move to tackle these issues, the Group is seeking to diversify its supply chain, and to identify and work with reliable suppliers from neighbouring countries to ensure the efficient and smooth progress of projects. The Group is also sparing no effort in terms of talent retention, offering competitive remuneration and benefits to retain the most capable members of its workforce. Following the reallocation of the unutilised net proceeds from global offering (the "**Global Offering**") of the Shares in 2016 to purchase machinery, the Group will continue to invest in advanced and green machinery to foster environmental sustainability while boosting productivity and efficiency, enhancing safety and reducing costs. The Group is confident that its commitment to, and investments in, technology and innovation will sharpen its competitive edge and support the Singapore government's plans for infrastructure development.

The government announced plans to push forward with infrastructure projects such as Changi Airport's Terminal 5, Tuas Port and the new town in Paya Lebar in August 2022. Spending on these projects is expected to sustain the construction industry's growth in Singapore over the next three to four years. The Group believes the industry will gradually recover amid stabilised construction demand and the government's prioritisation of mega-infrastructure projects. The Group remains cautiously optimistic about the country's steady recovery to its pre-pandemic economic performance, and will continue to expand its core businesses while focusing on cost management and enhancing advanced construction technologies. Further boosting its competitiveness in project differentiation as a green market leader, it will also seek appropriate opportunities in green public eco-infrastructure and private industrial projects to expand its business presence.

As a veteran of Singapore's construction industry, the Group is dedicated to maintaining its high level of business integrity and standards, and to guaranteeing the timely execution and delivery of its projects. It will remain nimble in the face of any emerging challenges, and is determined to maintain its market leadership, with the ultimate goal of generating the best possible return for the shareholders (the "**Shareholders**") of the Company.

FINANCIAL REVIEW

Results for the Year

Revenue and Gross Profit

	2022			2021		
	Revenue recognised	**Gross profit**	**Gross profit margin**	Revenue recognised	Gross profit	Gross profit margin
	S$'000	**S$'000**		S$'000	S$'000	
Earthworks and ancillary services	**80,179**	**5,691**	**7.1%**	71,438	3,975	5.6%
General construction works	**8,426**	**507**	**6.0%**	13,978	362	2.6%
Total	**88,605**	**6,198**	**7.0%**	85,416	4,337	5.1%

The total revenue of the Group for the year ended 31 December 2022 amounted to approximately S$88.6 million, representing a mild increase of approximately S$3.2 million or 3.7% as compared to the year ended 31 December 2021. The increase was mainly attributable to the gradual revival in construction industry in Singapore subsequent to stabilised COVID-19 situation upon the lifting of border and community measures. Nonetheless, the Group's revenue growth was slower than expected largely due to the slower progress of several key infrastructure projects secured in previous years. Thanks to the Group's disciplined financial management, coupled with its pragmatic strategies in enhancing productivity, the Group recorded a surge in gross profit of approximately 42.9% to approximately S$6.2 million (31 December 2021: approximately S$4.3 million), while gross profit margin also witnessed an increase to approximately 7.0% (31 December 2021: approximately 5.1%). With the increased revenue, coupled with the financial aids from Singapore government which helped alleviate part of the Group's financial burden, the Group's net profit attributable to owners of the Company accounted to approximately S$1.7 million (31 December 2021: approximately S$1.5 million).

Earthworks and Ancillary Services

During the Year, earthworks and ancillary services segment remained the key revenue contributor for the Group, accounting for approximately 90.5% of its total revenue. Following the progressive resumption of the Group's operations as well as its strategic approach in completing more short-term projects that required immediate commencement, segmental revenue increased by approximately 12.2% year-on-year to approximately S$80.2 million (31 December 2021: approximately S$71.4 million). The increase in recognised revenue alongside the effective cost control measures drove the segmental gross profit to increase to approximately S$5.7 million (31 December 2021: approximately S$4.0 million). Accordingly, the Group registered an increase in segmental profit amounting to approximately S$5.7 million for the Year (31 December 2021: approximately S$4.5 million).

Reflecting its favourable market position and strategic tendering approach, the Group successfully secured 29 new earthworks and ancillary services projects during the Reporting Year with a total contract value of approximately S$68.8 million. The Group had a total of 78 ongoing earthworks and ancillary services projects during the Reporting Year with an aggregate contract sum of approximately S$73.3 million.

General Construction Works

The total revenue contribution of this segment decreased to approximately S$8.4 million (31 December 2021: approximately S$14.0 million) during the Reporting Year, mainly dragged by the fierce competition as well as decreased tendering opportunities in the market. Given the drop in revenue, the Group managed to control its operating cost and achieve growth in segmental gross profit to approximately S$507,000 (31 December 2021: approximately S$362,000). Segmental profit amounted to approximately S$601,000 for the Year (31 December 2021: approximately S$216,000).

During the Reporting Year, the Group was deeply engaged in 7 general construction works projects. The Group continued to tender sizable projects so as to bolster its business by securing 4 new general construction works projects in 2022 with a total contract value of approximately S$29.2 million.

Other Income and Gains

Other income and gains amounted to approximately S$2.6 million for the year ended 31 December 2022, a decrease of approximately S$1.2 million as compared to the year ended 31 December 2021. Such decline was mainly attributable to the decrease in financial relief from Singapore government as well as wage support following the government's removal of the Jobs Support Scheme during the Year.

Administrative and Other Operating Expenses

During the Reporting Year, administrative and other operating expenses increased by approximately 10.1% to approximately S$6.4 million (31 December 2021: approximately S$5.8 million), mainly due to the increase in the employee expenses and remuneration packages which were generally in line with the overall improved performance of the Group.

Finance Costs

For the year ended 31 December 2022, finance costs decreased by approximately 51.5% to approximately S$213,000 (31 December 2021: approximately S$439,000), primarily due to a decrease in interest on lease liabilities and borrowings wholly repayable within five years.

Share of Results of Associates

The Group's share of results of associates amounted to approximately S$585,000 during the Reporting Year (31 December 2021: approximately S$10,000), principally generated from the recognition of fair value gain of the Group's property redevelopment project.

Income Tax Expense

For the year ended 31 December 2022, income tax expense amounted to approximately S$713,000, while that of approximately S$347,000 was recorded for the year ended 31 December 2021.

Net Profit attributable to Owners of the Company and Net Profit Margin

Based on the combined effect of the above factors, net profit attributable to owners of the Company for the Year amounted to approximately S$1.7 million (31 December 2021: approximately S$1.5 million), representing an increase of approximately 14.9%. Net profit margin was approximately 1.9% for the year ended 31 December 2022 (31 December 2021: approximately 1.8%).

Earnings per Share

For the year ended 31 December 2022, the basic earnings per share was S$0.17 cent, with the calculation based on net profit attributable to owners of the Company for the Year of approximately S$1.7 million and the weighted average number of 1,036,456,000 Shares in issue during the Year.

For the year ended 31 December 2022, the diluted earnings per share was S$0.15 cent, with the calculation based on net profit attributable to owners of the Company for the Year of approximately S$1.7 million and the weighted average number of Shares adjusted for the effects of dilution from the Group's share options of 1,136,408,000.

For the year ended 31 December 2021, the basic earnings per share was S$0.14 cent, with the calculation based on net profit attributable to owners of the Company for the year ended 31 December 2021 of approximately S$1.5 million and the weighted average number of 1,036,456,000 Shares.

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

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 generated funds, net proceeds from the Global Offering and bank borrowings. As at 31 December 2022, the Group had cash and cash equivalents of approximately S$23.4 million (31 December 2021: approximately S$31.5 million). The year-on-year decline was mainly attributable to the purchase of property, plant and equipment, the Group's investment in associates for redevelopment and construction of private properties, repayment of borrowings and lease liabilities.

To manage liquidity risk more effectively, the Group adopts conscious financial planning and analysis, and continuously 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 2022 and 2021:

	2022	2021
	S$'000	S$'000
Net cash flows generated from operating activities	**1,142**	5,624
Net cash flows used in investing activities	**(3,294)**	(15,067)
Net cash flows used in financing activities	**(5,921)**	(5,893)

Operating Activities

For the year ended 31 December 2022, the Group generated net cash inflow from operating activities of approximately S$1.1 million (31 December 2021: approximately S$5.6 million). The approximate S$4.5 million difference between the operating profit before working capital changes and net cash generated from operating activities was mainly attributable to (i) the increase in contract assets amounted to approximately S$4.2 million; (ii) the increase in trade receivables amounted to approximately S$2.8 million; (iii) the increase in deposits, prepayments and other receivables of approximately S$527,000; (iv) the decrease in contract liabilities of approximately S$527,000; (v) the decrease in trade payables of approximately S$212,000; and (vi) the increase in other payables, accruals and deposits received of approximately S$659,000.

Investing Activities

For the year ended 31 December 2022, the net cash used in investing activities was approximately S$3.3 million (31 December 2021: approximately S$15.1 million), mainly attributable to (i) investment in associates of approximately S$1.8 million; (ii) purchase of property, plant and equipment of approximately S$1.7 million; (iii) purchase of financial assets at fair value through profit or loss of approximately S$1.3 million; and (iv) proceeds from settlement of financial assets at fair value through profit or loss of approximately S$910,000.

Financing Activities

For the year ended 31 December 2022, the net cash used in financing activities was approximately S$5.9 million (31 December 2021: approximately S$5.9 million), which was principally attributable to (i) the repayment of principal portion of the lease liabilities of approximately S$4.5 million; (ii) the repayment of borrowings of approximately S$1.2 million; (iii) the repayment of interest portion of the lease liabilities amounted to approximately S$139,000; and (iv) the interest on borrowings of approximately S$74,000 paid.

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**"), all of which had been fully utilised as at 31 December 2022.

Intended applications	Planned use of the Net Proceeds *(Note)* S$'000	Amount utilised up to 31 December 2021 S$'000	Change in use of the unutilised balance of the Net Proceeds on 1 November 2022 S$'000	Amount utilised during the Year S$'000	Amount utilised up to 31 December 2022 S$'000	Unutilised balance up to 31 December 2022 S$'000
1. Purchase of excavation machines and tipper trucks	17,736	17,736	788	788	18,524	–
2. Purchase of software	2,085	1,223	(788)	74	1,297	–
3. Secure earth filling projects	–	–	–	–	–	–
4. Expand workforce	4,414	4,414	–	–	4,414	–
5. Working capital	2,247	2,247	–	–	2,247	–
Total	26,482	25,620	–	862	26,482	–

Note: 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**") were 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, excavators and telescopic excavators acquired by the Group since the listing of the Shares 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.

As disclosed in the interim report of the Group for the six months ended 30 June 2022, the Net Proceeds were not fully utilised to purchase software as the Group had purchased software from a vendor which charged the Group at a price lower than originally quoted, resulting in a huge saving to the Group with an unutilised balance of the Net Proceeds (the "**Unutilised Net Proceeds**") amounting to approximately S$788,000 as at 30 June 2022.

As disclosed in the announcement of the Company dated 1 November 2022, taking into account (i) the business scale, the strategic development and the ongoing projects of the Group, (ii) the software purchased by the Group since the listing of the Shares, and (iii) the average cycle for the updating or replacement of the software, on 1 November 2022, the Board resolved to reallocate the Unutilised Net Proceeds originally assigned for the purchase of software to be used for the purchase of excavation machines and tipper trucks to support the Group's business operations and strategy (including the expansion of the Group's production capacity), in order to undertake more projects and to seize new business opportunities amid the rebound in the market demands.

The Board considered that the change in use of the Unutilised Net Proceeds would not have any material adverse effect on the existing business and operations of the Group, was fair and reasonable, which allowed the Group to meet its financial and operation needs more efficiently and flexibly, and was in the interest of the Group and the Shareholders as a whole. For further details, please refer to the announcement of the Company dated 1 November 2022.

As at 31 December 2022, the Group had fully utilised the Net Proceeds in accordance with the intended purposes as disclosed.

Borrowing and Gearing Ratio

As at 31 December 2022, the Group had an aggregate of current and non-current borrowings and lease liabilities of approximately S$7.2 million, a decrease from approximately S$11.4 million as at 31 December 2021. As at 31 December 2022, the Group's gearing ratio was approximately 0.08 times (31 December 2021: approximately 0.13 times). Gearing ratio was calculated by dividing total borrowings (borrowings and lease liabilities) by total equity as at the end of the respective year.

Cash and Cash Equivalents

As at 31 December 2022, the Group had cash and cash equivalents of approximately S$23.4 million (31 December 2021: approximately S$31.5 million). The Group had cash and cash balances of approximately S$24.7 million but the amount was reduced by pledge for the guarantee arrangement and issuance of performance bonds, as well as the banking facilities including letter of credit, overdraft and banking guarantee of approximately S$17.5 million.

Foreign Exchange Exposure

The Group operates primarily in Singapore with most of the transactions denominated in Singapore Dollars. However, a portion of the cash and cash equivalents generated from the Global Offering was valued in Hong Kong Dollars with a small portion valued 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 perform regular reviews and closely monitor this risk exposure in a timely manner.

Charges on Group's Assets

As at 31 December 2022, the Group's banking facilities were secured by the pledge of the Group's deposits of approximately S$1.3 million (31 December 2021: approximately S$1.3 million), while the Group's lease liabilities were secured by the charge over the leased assets of net book value of approximately S$5.1 million (31 December 2021: approximately S$8.5 million).

Contingent Liabilities

As at 31 December 2022, 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$4.0 million as compared to approximately S$3.6 million for the year ended 31 December 2021. 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 2022, the Group invested approximately S$2.0 million in the purchase of property, plant and equipment, which was primarily funded by the Unutilised Net Proceeds, finance lease liabilities and working capital.

As at 31 December 2022, the Group's capital commitments in respect of acquisition of property, plant and equipment amounted to approximately S$1.4 million (31 December 2021: approximately S$1.9 million).

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

As disclosed in the announcement of the Company dated 19 July 2022, on 19 July 2022, after arm's length negotiations, 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, and JVA East Coast Pte. Ltd. ("**JVA East Coast**") entered into an investment settlement letter, whereby the parties agreed that upon JVA East Coast's settlement of a total sum of S$910,000 (the "**Settlement Sum**"), the investment agreement (the "**JVA East Coast Investment Agreement**") entered into between Chuan Lim and JVA East Coast relating to a project to redevelop and construct a piece of land at 10 Grove Crescent, Singapore 279152 into four units of terrace landed house and their subsequent sale should be terminated and the parties should be released and discharged from any further obligations or liabilities thereunder.

The Settlement Sum had been settled. The Board considered that the termination of the JVA East Coast Investment Agreement had no material adverse impact on the business, operation or financial position of the Group. For further details, please refer to the announcement of the Company dated 19 July 2022.

Save as disclosed above, during the Reporting Year and up to the date of this annual report, there has been no material change on the current information in relation to the significant investments held, material acquisitions or disposals of subsidiaries, associates and joint ventures and disclosable transactions from the information as disclosed in the annual report of the Company for the year ended 31 December 2021.

Connected Transactions

During the Reporting Year, six 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 transaction and continuing connected transactions are set out in the section headed "RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS" in the "Report of the Directors" on pages 68 to 72 of this annual report.

Off-balance Sheet Transactions

As of 31 December 2022, the Group did not enter into any material off-balance sheet transaction.

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 principally 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 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 2022, 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, contract assets, 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 contract, 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 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 mainly relied on the proceeds from the Global Offering, internally generated funding and borrowings as significant sources of liquidity. It 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 objective of the Share Option Scheme is to enable the Company to grant options to employees and eligible participants, as incentives or rewards to optimise their contribution to the Group, and also to attract and retain talents whose contributions are or will be beneficial to the performance and growth of the Group.

As disclosed in the announcement of the Company dated 1 November 2022, on 1 November 2022, 10,364,000 share options to subscribe for a total of 10,364,000 Shares, 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, the chairman of the Board (the "**Chairman of the Board**") and a non-executive Director.

Details of the Share Option Scheme are disclosed in the "Report of the Directors" on pages 62 to 65 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 2022.

EMPLOYEE AND EMOLUMENT POLICY

As at 31 December 2022, the Group had 534 (31 December 2021: 517) employees including foreign workers.

Total staff costs including the Directors' emoluments amounted to approximate S$22.4 million for the year ended 31 December 2022 (31 December 2021: approximately S$21.4 million).

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.

DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lim Kui Teng, aged 53, 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 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 Holdings Limited ("**Longlands**"), a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of the Company and a director of CLC Machinery Pte. Ltd., a company incorporated in Singapore with limited liability which is a wholly-owned subsidiary of the Company.

Mr. Lim has over 26 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. After leaving Cheng Yap Construction Pte Ltd in May 1992 and prior to establishing the Group in January 1996, Mr. Lim set up and operated Chuan Lim Construction & Engineering, which was engaged in the business of building construction and rental of machinery and equipment, as the sole proprietor.

Mr. Lim is the sole shareholder and sole director 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. Bijay Joseph, aged 54, 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 also been a director of Chuan Lim since October 2007. Mr. Joseph has over 30 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 for the period between August 1995 and 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.

NON-EXECUTIVE DIRECTOR

Mr. Phang Yew Kiat, aged 54, 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 21 years of experience in banking and managerial roles. He began his career with Standard Chartered Bank in 1994. Over his 21 years career in banking and managerial roles, Mr. Phang held various management roles across Standard Chartered Bank'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 commercial bank with its headquarter set up in Tianjin – China Bohai Bank, where 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 Institute of Science and Technology in July 1993 with a Bachelor's Degree in Engineering in Microelectronic Systems Engineering. He also obtained 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wee Hian Eng Cyrus, aged 56, has been appointed as an independent non-executive Director and a member of the audit committee (the "**Audit Committee**") of the Board with effect from 17 December 2019. Mr. Wee has over 22 years of management experience and over 16 years of real estate industry experience covering a broad spectrum across sales and 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. in 2007 as the vice president, where he was responsible for spearheading the opening up of consultancy business of Surbana International Consultants Pte. Ltd. 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Ka Bo Jimmy, aged 42, has been appointed as an independent non-executive Director, the chairman of the Audit Committee as well as a member of each of the Nomination Committee and the Remuneration Committee with effect from 27 May 2022. Mr. Wong has more than 16 years of experience in assurance and advisory services. Mr. Wong worked in Ernst and Young for eight years from 2005 to 2013 with his last position as an audit manager. He then worked as an advisory and audit manager in a Japanese accounting firm from 2013 to 2014. He was an accounting and finance manager of a subsidiary of a company listed on the Main Board of the Stock Exchange from 2014 to 2016. He then joined another accounting firm as a senior audit manager from 2016 to 2018. From November 2019 to November 2020, Mr. Wong was an executive director of Chong Sing Holdings FinTech Group Limited. Since 2020, he has been the managing director of McM (HK) CPA Limited, a Hong Kong accounting firm. Mr. Wong has also acted as an independent non-executive director of S&T Holdings Limited (Stock Code: 3928), shares of which is listed on the Main Board of the Stock Exchange, since 22 January 2021. Mr. Wong obtained a Bachelor's Degree in Accountancy, Specialism in Accounting Information System from The Hong Kong Polytechnic University in 2005. Mr. Wong is a practising member of the Hong Kong Institute of Certified Public Accountants.

Mr. Xu Fenglei, aged 45, 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 19 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, a Master's Degree in Software Engineering from the Beijing University of Technology and a Master's Degree in Management from the National University of Ireland, Dublin in June 2001, January 2008 and September 2012 respectively.

SENIOR MANAGEMENT

Ms. Ong Sok Hun, aged 50, 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 17 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. Lau Yan Hong, aged 57, was appointed as a Director on 25 August 2015 and re-designated as an executive Director on 5 October 2015. Mr. Lau retired as an executive Director on 27 May 2022 but has remained to act as a senior management (the "**Senior Management**") of the Group. Mr. Lau joined the Group in January 2000 and is currently responsible for overseeing the project team and managing, executing and coordinating the alteration and addition projects. He has acted as a director of Chuan Lim since February 2003 and 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 20 years of working experience in the construction industry. Prior to joining the Group, Mr. Lau had 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.

Mr. Hong Kyung Seon, aged 59, 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, alteration and addition works construction and reclamation earth work. Mr. Hong has over 33 years of experience in civil business promotion and tender of the construction industry. Prior to joining the Group, 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 and project cost and contract manager in various international renowned projects.

Mr. Lee Yunsang, aged 43, 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 18 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 also obtained Certificates of Design for Safety Professional and Construction Safety Course for Project Manager.

CORPORATE GOVERNANCE REPORT

Achieving high standards of corporate governance has always been one of the Group's prime tasks. The Board is committed to conducting the Group's businesses in a transparent and responsible way and maintaining good corporate governance practices, which are considered essential to protect the Shareholders' interests and to enhance corporate value and accountability.

CORPORATE GOVERNANCE PRACTICES

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

The Company had complied with all applicable Code Provisions throughout the Year, with the deviation of the Code Provision C.1.6 as Mr. Chan Po Siu, a then independent non-executive Director, was unable to attend the annual general meeting of the Company held on 27 May 2022 ("**2022 AGM**") due to other engagement. All other non-executive Directors, including independent non-executive Directors, did attend the 2022 AGM to respond to the Shareholders' questions and enquiries in relation to their works, and to gain and develop a balanced understanding of the Shareholders' views.

The Board is aware that the Company should 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 Group. 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 by directing and overseeing the overall management of the Group's affairs and businesses, and establishing the long-term purposes, values and strategic development of the Group which are in line with the Group's culture. The Directors take decisions objectively with the aim to protect and maximise the interests of the Group and the Shareholders.

The Board, with the assistance of the Audit Committee, is also responsible for performing the corporate governance duties as required under the CG Code, which include:

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

– to review and monitor the training and continuous professional development of the Directors and the Senior Management;

– 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 the disclosure in the Corporate Governance Report of the Company.

The Board is committed to ensuring the values of acting lawfully, ethically and responsibly are embedded throughout the Group's vision, culture, policies and strategies. All Directors must act with integrity, lead by example and promote the desired culture of the Group. Detailed information about the Group's vision, mission, corporate values and strategies is set out in the "Environmental, Social and Governance Report" of this annual report.

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

Board Composition

With effect from the conclusion of the 2022 AGM, (i) each of Mr. Lau Yan Hong and Mr. Quek Sze Whye retired as an executive Director; (ii) Mr. Chan Po Siu retired as an independent non-executive Director; and (iii) Mr. Wong Ka Bo Jimmy has been appointed as an independent non-executive Director upon approval by the Shareholders at the 2022 AGM. For further details, please refer to the announcements of the Company dated 25 April 2022 and 27 May 2022 respectively.

As at 31 December 2022, the Board consisted of six Directors, including two 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 24 to 26 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.

No Director has any relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors.

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

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, skills and experience and give the Board the benefit of a wide range of valuable business and financial knowledge and expertise. Their views and active participation in the meetings of the Board and its committees (the "**Board 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, representing more than one-third of the Board, and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. No independent non-executive Director has served for more than nine years.

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

The Board has established mechanisms to ensure independent views and input are available to the Board and shall review their implementation and effectiveness on an annual basis (the "**Board Independence Evaluation Mechanism**"). Pursuant to the Board Independence Evaluation Mechanism, the Board conducted an assessment and discussion on the results of the questionnaire on Board independence submitted by all individual Directors, and taking into account the following channels, the Board considers that it had in place effective mechanisms to ensure a strong independent element on the Board for the Year:

– To maintain a sufficient number of three independent non-executive Directors, representing more than one-third of the Board and to ensure all of them continue to devote adequate time contribution and attention to the affairs of the Group;

– To encourage all Directors to express their views in an open and candid manner during the meetings of the Board and the Board Committees and to ensure they have opportunity to provide input to the agenda for the meetings;

– To encourage all Directors to access and consult with the Senior Management independently, if necessary;

– To have in place a mechanism for the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, including to assist the Directors in performing their duties to the Company, at the Company's expense;

– To have in place procedures for assessing the independence of a candidate who is nominated to be a new independent non-executive Director before his appointment and to ascertain the continued independence of the current independent non-executive Directors;

– To ensure the Chairman of the Board at least annually holds meetings with the independent non-executive Directors without the presence of the executive Directors; and

– To ensure no equity-based remuneration with performance-related elements is granted to the independent non-executive Directors.

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 existing Board. Such appointment shall be recommended by the Nomination Committee and approved by the Board based on the formal written procedures and policies adopted by the Company for the nomination of the Directors (the "**Nomination Policy**") and the diversity of the Board (the "**Board Diversity Policy**"), summaries 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 Company 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 (or, if their number is not a multiple of three, the number nearest to but not less than one-third) 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 and are subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Listing Rules and the Articles of Association. Each Director has 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, the CEO and an executive Director, has renewed his service agreement with the Company for a term of three years commencing from 1 June 2022, 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 Listing Rules and 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 Board and the Remuneration Committee with reference to the performance of the Group. The remuneration package of Mr. Lim was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Lim's qualifications and competence, his job responsibilities and involvement with the Group's affairs and the prevailing market conditions;

- Mr. Bijay Joseph, an executive Director, has renewed his service agreement with the Company for a term of three years commencing from 1 June 2022, 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 Listing Rules and 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 as determined by the Board and the Remuneration Committee with reference to the performance of the Group. The remuneration package of Mr. Joseph was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Joseph's qualifications and competence, his job responsibilities and involvement with the Group's affairs and the prevailing market conditions;

- 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 Listing Rules and the Articles of Association. He is entitled to a nominal Director's fee of HK$1 per annum and a grant of share options to subscribe for a total number of Shares which represents 1% of the issued share capital of the Company at the time of grant for each of the three years term of appointment, provided that his appointment is not determined before the end of each appointment year and subject to the terms and conditions of the Share Option Scheme. Mr. Phang's compensation was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Phang's skill, knowledge and experience, his time commitment, his 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. Wee Hian Eng Cyrus, an independent non-executive Director, has renewed his letter of appointment with the Company for a term of three years commencing from 17 December 2022, 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 Listing Rules and the Articles of Association. He is entitled to a Director's fee of S$21,000 (equivalent to approximately HK$124,000) per annum, which was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Wee's skill, knowledge and experience, his time commitment, his 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. Wong Ka Bo Jimmy, an independent non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 27 May 2022, 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 Listing Rules and the Articles of Association. He is entitled to a Director's fee of HK$180,000 per annum, which was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Wong's skill, knowledge and experience, his time commitment, his 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; 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 Listing Rules and the Articles of Association. He is entitled to a Director's fee of S$24,000 (equivalent to approximately HK$142,000) per annum, which was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Xu's skill, knowledge and experience, his time commitment, his 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.

In accordance with Article 84(1)-(2) of the Articles of Association, Mr. Wee Hian Eng Cyrus and Mr. Xu Fenglei will retire from office by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

Directors' Induction and Continuous Professional Development

Each newly appointed Director is provided a comprehensive, formal and tailored induction upon appointment to ensure he has an appropriate understanding of the businesses and operations of the Group and full awareness of his responsibilities and obligations as a Director under statute 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 conduct, business activities and development. The Directors have always been encouraged to attend seminars, talks and continuous professional development training to enrich their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

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 Senior Management reported the Group's business activities, including the operations, performance, strategies and new initiatives at the regular Board meetings and provided the Directors with updates presenting a balanced and understandable assessment of the Group's performance, position and prospects in sufficient details. The Company also arranged a training relating to updates on the amendments to the Listing Rules and anti-corruption practices, to which all the then Directors did attend. The participation in continuous professional development of each Director for the Year is summarised below:

Name of the Director	Reading regulatory updates	Attending seminars, talks and continuous professional development training
Mr. Lim Kui Teng *(CEO)*	✓	✓
Mr. Bijay Joseph	✓	✓
Mr. Lau Yan Hong (retired on 27 May 2022)	N/A	N/A
Mr. Quek Sze Whye (retired on 27 May 2022)	N/A	N/A
Mr. Phang Yew Kiat *(Chairman of the Board)*	✓	✓
Mr. Chan Po Si (retired on 27 May 2022)	N/A	N/A
Mr. Wee Hian Eng Cyrus	✓	✓
Mr. Wong Ka Bo Jimmy (appointed on 27 May 2022)	✓	✓
Mr. Xu Fenglei	✓	✓

Roles and Responsibilities of Directors

The executive Directors oversee the daily operations and management of the Group which include, among others, 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 Group's strategies and policies through independent, constructive and informed comments. Their functions include:

– to participate 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;

– to take the lead where potential conflicts of interests arise;

– to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee, if invited; and

– to scrutinise the Group's performance in achieving agreed corporate goals and objectives, and to monitor the performance reporting.

The Directors (including the non-executive Directors) should ensure that they can give sufficient time and attention to the affairs of the Group. Pursuant to the Code Provision C.1.5, each Director disclosed to the Company at the time of his appointment the number and nature of offices held in public companies or organisations and other significant commitments, as well as their identities and an indication of the time involved, and has agreed to disclose to the Company in a timely manner for any change thereof.

The Board regularly reviews whether each Director devotes sufficient time and makes contributions to the Group that are commensurate with his role and Board responsibilities.

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. During the Year, no claim was made against any Director or officer of the Company.

Chairman of the Board and CEO

The Code Provision C.2.1 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 established and set out in writing. The Company fully supports such a division of responsibilities in order to ensure a balance of power and authority. During the Year and up to the date of this annual report, the Board has been chaired by Mr. Phang Yew Kiat, a non-executive Director, whereas Mr. Lim Kui Teng, an executive Director, has 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:

– to ensure good corporate governance practices and procedures are established and maintained;

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

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

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

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

– to promote a culture of openness and debate by facilitating the effective contribution of the non-executive Directors in particular and ensuring constructive relations between the executive Directors and the non-executive Directors.

The Chairman of the Board is committed to maintaining good corporate governance practices and proper Board proceedings. During the Year, the Chairman of the Board ensured to have taken into account, where appropriate, any matter proposed by other Directors for inclusion in the agenda for the Board meeting, which was drawn up by the company secretary (the "**Company Secretary**") of the Company and approved by the Chairman of the Board, encouraged and allowed sufficient time for constructive discussions, criticisms and/or debates among the Directors in the Board meetings and ensured the Board decisions fairly reflected the consensus of the Board. He also held a meeting with the independent non-executive Directors without the presence of the executive Directors.

The CEO leads the day-to-day management of the Group and takes overall responsibilities for the supervision of the Management and the monitoring and conducts of the Group's businesses and ordinary operations in accordance with the policies, strategies and objectives established. The Board sets limits to the authorities exercisable by the CEO, who remains accountable to the Board, and monitors the performance of the CEO to ensure that the Board's objectives are attained.

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 authorities and responsibilities to develop and exercise both operational and non-operational duties. The management teams' members of the Group have a wide range of skills, knowledge and experience necessary to govern the Group's operations.

The Board and the Management fully appreciate their respective roles and are committed to achieving good corporate governance. The Board gives clear directions to the Management as to its powers of management and administration, in particular, circumstances where they should report back and obtain the Board's prior approval before making any 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, Company Secretary and 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 Directors clearly understand the delegation arrangements in place, which are reviewed by the Board periodically to ensure the same remain appropriate to the Group's needs.

The Management, under the leadership and supervision of the CEO and executive Directors, is responsible for the day-to-day management, administration 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 risk management and internal control procedures. The Management is 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 holds meetings at least four times a year at approximately quarterly intervals. A regular Board meeting is scheduled in advance with at least 14 days' notice being given to all Directors so as to give them an opportunity to attend. For any other Board meetings, reasonable notice is generally given. A meeting agenda and companying Board papers/materials, in the form and quality sufficient to enable the Board to make informed decisions on the matters placed before it, are sent in full to all Directors in a timely manner and at least three days before the intended date of the meeting. All Directors are given an opportunity to include matters in the agenda for the meetings. The Directors may attend the meetings in person or through conference telephone or similar electronic means of communication which enable all participants thereof to communicate with each other. The Directors may also approve various matters by way of circulating written resolutions, where appropriate.

The Company Secretary assists the Chairman of the Board to prepare the meeting agendas and ensures that all applicable rules and regulations regarding the Board proceedings are followed. The Company Secretary is also responsible for taking and keeping minutes of all Board meetings, which should record in sufficient details the matters considered and decisions reached, including any concern raised by the Directors or dissenting view expressed. Draft minutes are normally sent to the Directors for their comment within a reasonable time after the meeting is held and the final signed versions of the minutes are available for inspection at any reasonable time on reasonable notice by any Director.

During the Year, the Board held five regular meetings and the attendance record of each Director at those meetings is set out below:

Name of the Director	**Attendance/ Number of meetings**
Executive Directors	
Mr. Lim Kui Teng *(CEO)*	5/5
Mr. Bijay Joseph	5/5
Mr. Lau Yan Hong (retired on 27 May 2022)	1/2
Mr. Quek Sze Whye (retired on 27 May 2022)	2/2
Non-executive Director	
Mr. Phang Yew Kiat *(Chairman of the Board)*	5/5
Independent Non-executive Directors	
Mr. Chan Po Siu (retired on 27 May 2022)	2/2
Mr. Wee Hian Eng Cyrus	5/5
Mr. Wong Ka Bo Jimmy (appointed on 27 May 2022)	3/3
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 2021; 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 2022; the proposed re-election and appointment of the Directors; the proposed re-appointment of the Auditor; the remuneration packages of the Directors and the Senior Management; the adoption of several corporate governance policies and mechanisms of the Company, including the Board Independence Evaluation Mechanism, the gender diversity plan (the "**Gender Diversity Plan**") and the shareholders communication policy (the "**Shareholders Communication Policy**") of the Company, the written terms of reference of the environmental, social and governance ("**ESG**") working taskforce (the "**ESG Taskforce**") of the Group, as well as the amendments on the anti-bribery, anti-corruption and anti-money laundering policy (the "**Anti-Corruption Policy**") and the whistleblowing policy (the "**Whistleblowing Policy**") of the Company; the grant of share options to the Chairman of the Board; the change in use of the Net Proceeds; the review and adoption of the Board delegation arrangements and the strategy plans and long term objectives of the Group; as well as other critical business operations, compliance and housekeeping matters. The Board also, with the assistance of the Audit Committee, performed its corporate governance duties as required under the CG Code, including but not limited to the review of the Company's compliance with the CG Code and of the adequacy of the systems of risk management and internal control of the Group, as elaborated in the section headed "Risk Management and Internal Control" below.

All Directors are required to declare their interests (if any) in the matters placed before the Board in accordance with the Articles of Association. Should a substantial Shareholder or a Director has a potential conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical Board meeting, rather than by a written resolution, and the independent non-executive Directors who, and whose close associates, have no material interest in the transaction will be present at the Board 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 are provided in a timely manner with appropriate information in the form and quality to enable them 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, and all applicable law, rules and regulations are followed. The Management is obliged to supply adequate information, which must be complete and reliable, to the Board, in a timely manner, to enable the Board to make informed assessments and decisions and to answer further enquiries raised by any Director. Accordingly, the Board and individual Directors have separate and independent access to the Senior Management. The Directors will receive prompt and full response to the queries raised, if possible.

All Directors, upon reasonable request and with the consent of the Chairman of the Board and/or the chairman of the Audit Committee, may seek independent professional advice in appropriate circumstances, including to assist the Directors in performing their duties to the Company, at the Company's expense. During the Year, no Director exercised his right for independent professional advice.

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 specific 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, unless there are legal or regulatory restrictions on their ability to do so.

The Company Secretary acts as the secretary of all Board Committees and is responsible for taking and keeping minutes of all Board Committees meetings, which should record sufficient details of the matters considered and decisions reached, including any concern raised by the Directors or dissenting view expressed. Draft minutes are normally sent to the respective Board Committee members for their comment within a reasonable time after the meeting is held and the final signed versions of the minutes are available for inspection at any reasonable time on reasonable notice by any Director.

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. The Board regularly evaluates the performance of each Board Committee.

Audit Committee

The Audit Committee currently comprises all three independent non-executive Directors, namely Mr. Wong Ka Bo Jimmy (chairman), Mr. Wee Hian Eng Cyrus and Mr. Xu Fenglei. With effect from the conclusion of the 2022 AGM, Mr. Chan Po Siu ceased to act as the chairman of the Audit Committee and Mr. Wong Ka Bo Jimmy has been appointed to act as the chairman of the Audit Committee.

Both Mr. Chan Po Siu and Mr. Wong Ka Bo Jimmy have 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 the person ceasing to be a partner of or to have any financial interest 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 delegated to it by the Board 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 Group's financial information;

– to oversee the Group's financial reporting system, and risk management and internal control systems; and

– to review arrangements the Group's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigations of those matters and for appropriate follow-up actions.

During the Year, the Audit Committee held two meetings and the attendance record of each member of the Audit Committee at those meetings is set out below:

Name of the Director	**Attendance/ Number of meetings**
Mr. Chan Po Siu *(chairman)* (retired on 27 May 2022)	1/1
Mr. Wong Ka Bo Jimmy *(chairman)* (appointed on 27 May 2022)	1/1
Mr. Wee Hian Eng Cyrus	2/2
Mr. Xu Fenglei	2/2

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 2021 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022, and reviewed any significant financial reporting judgement contained therein before submission to the Board;

(2) considered and approved the annual report of the Group for the financial year ended 31 December 2021 and the interim report of the Group for the six months ended 30 June 2022;

(3) reviewed and made recommendation to the Board on the re-appointment of the Auditor and the relevant terms of engagement, including remunerations in respect of audit and non-audit services;

(4) reviewed and approved the audit plan of the Company for the Year;

(5) reviewed the Group's risk management and internal control systems (including the ESG risk management and internal control systems) and considered the necessity for an internal audit function;

(6) reviewed the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting;

(7) assisted the Board to perform its corporate governance duties set out in the section headed "BOARD OF DIRECTORS" above;

(8) reviewed and made recommendations to the Board for adoption of the amendments on the Anti-Corruption Policy and the Whistleblowing Policy;

(9) considered and made recommendation to the Board for adoption of the written terms of reference of the ESG Taskforce; and

(10) considered and made recommendation to the Board on the change in use of the Net Proceeds.

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

Remuneration Committee

The Remuneration Committee currently comprises two independent non-executive Directors, namely Mr. Xu Fenglei (chairman) and Mr. Wong Ka Bo Jimmy, and an executive Director, namely Mr. Lim Kui Teng. With effect from the conclusion of the 2022 AGM, Mr. Chan Po Siu ceased to act as a member of the Remuneration Committee and Mr. Wong Ka Bo Jimmy has been appointed to act as a member of the Remuneration Committee.

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 delegated to it by the Board are available on the Stock Exchange's website and the Company's website. The major duties of the Remuneration Committee include:

– to review and make recommendations to the Board on the Company's policy and structure for the remunerations of all Directors and 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 remuneration proposals of the Management 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 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 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;

– to ensure that no Director or any of his/her associates is involved in deciding that Director's own remuneration; and

– to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, including the grant of share options under the Share Option Scheme.

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 fair and sufficient to attract and retain high-quality Directors and staff to enable smooth operation within the Group without paying more than necessary. When setting remuneration to each Director and Senior Management, regards shall be given to his/her qualifications and competence, time commitment, job responsibilities and involvement with the Group's affairs; the Group's performance and profitability; employment conditions elsewhere in the Group; salaries paid by comparable companies; as well as the prevailing market conditions. The Remuneration Committee should consult the Chairman of the Board and/or the CEO with regard to their remuneration proposals for other executive Directors. No Director or any of his/her associates should be involved in deciding that Director's own remuneration.

To ensure the fairness and competitiveness of the remuneration payable to each executive Director and Senior Management, his/her remuneration package is structured to include:

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

– competitive benefit programmes;

– bonus linked to 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; and

– other benefits-in-kind, pension rights and compensation payments, including any compensation payable for loss or termination of his/her office or appointment.

Remuneration to each non-executive Director is based on an adequate compensation for the efforts and time dedicated by such Director to the Group's affairs including his/her participation in the Board and the respective Board Committees. No equity-based remuneration with performance-related elements is granted to the independent non-executive Directors to avoid bias in their decision-making or compromising their objectivity and independence.

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

During the Year, the Remuneration Committee held three meetings and the attendance record of each member of the Remuneration Committee at those meetings is set out below:

Name of the Director	**Attendance/ Number of meetings**
Mr. Xu Fenglei *(chairman)*	3/3
Mr. Chan Po Siu (retired on 27 May 2022)	2/2
Mr. Lim Kui Teng	3/3
Mr. Wong Ka Bo Jimmy (appointed on 27 May 2022)	1/1

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

(1) reviewed the Remuneration Policy;

(2) assessed the performance of the executive Directors for the Year;

(3) reviewed and made recommendation to the Board on the remunerations of all Directors and Senior Management for the Year;

(4) considered and made recommendation to the Board on the terms of the executive Directors' service agreements and the terms of the new independent non-executive Director's letter of appointment;

(5) reviewed the progress of the enhanced employee compensation scheme adopted by the Group, with reference to the Board's corporate goals and objectives, to bring the same in line with the remuneration benchmarks in the industry and the prevailing market conditions and

(6) reviewed and made recommendation to the Board on the grant of share options to the Chairman of the Board under the Share Option Scheme, details of which are set out on pages 64 and 65 of this annual report.

During the Year, the Board and the Remuneration Committee had no disagreement on any remuneration or compensation arrangement. No Director or any of his associates was involved in deciding that Director's own remuneration.

Nomination Committee

The Nomination Committee currently comprises the Chairman of the Board, namely Mr. Phang Yew Kiat (chairman) and two independent non-executive Directors, namely Mr. Wong Ka Bo Jimmy and Mr. Xu Fenglei. With effect from the conclusion of the 2022 AGM, Mr. Chan Po Siu ceased to act as a member of the Nomination Committee and Mr. Wong Ka Bo Jimmy has been appointed to act as a member of the Nomination Committee.

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 delegated to it by the Board 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 to the Board on any proposed change to the Board to complement the Group's corporate strategy;

– to identify individuals suitably qualified to become the Directors and 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 succession planning for the Directors, in particular the Chairman of the Board and the CEO;

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

– to develop and make recommendations to the Board on the 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 the Board diversity.

The Company sees diversity as a wide concept. In determining the Board composition and the selection of candidates for directorship, factors including but not limited to gender, age, ethnicity, language, cultural and educational background, professional qualifications, industrial experience, skills and knowledge, length of service, and other qualities will be considered. All Board appointments shall be based on meritocracy and the candidates will be considered against the objective 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 will be based on merit and contribution that the selected candidates 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.

The Board currently consists of all male Directors. In recognition of the benefits of achieving gender diversity at all levels of the Group, the Board adopted the Gender Diversity Plan on 30 June 2022. Under the Gender Diversity Plan, the Board is committed to increasing the proportion of female members over time when selecting and making recommendations on suitable candidates for the Board appointments and employing suitable employees and officers (including the Senior Management) within the corporation level of the Group, where appropriate. The Nomination Committee shall give due consideration on gender diversity when identifying and selecting candidates for directorship. In view of the Board size, the Board targets to appoint at least one female Director no later than 31 December 2024.

Achieving gender diversity is a challenge to the Group due to the characteristics of its principle activities. As most of the construction works require high intensity of physical labour, the workforce of the construction industry comprises mostly male construction workers. It is inevitable that the proportion of the Group's male workforce is much higher and therefore, achieving gender diversity across its workforce at construction sites is challenging. The Board will review the Group's workforce from time to time and is committed to achieving a good balanced gender ratio in its workforce (in particular, for the non-labour extensive workforce). Gender diversity was achieved at the Senior Management, comprising one female member and three male members, for the Year. Details on the gender ratio in the workforce of the Group together with relevant data are set out in the "Environmental, Social and Governance Report" on pages 102 and 103 of this annual report.

Nomination Policy

Since 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.

The Nominations Committee has been delegated authority to identify potential candidates for directorship through different means and channels. In the case of nominating a candidate for directorship, the Nomination Committee shall hold a meeting to consider the candidate identified against the nomination criteria and make recommendation to the Board, if applicable. The Board shall deliberate and decide on the appointment based on the recommendation of the Nomination Committee. In the case of re-appointment of a retiring Director, the Nomination Committee shall review the profile of the retiring Director and his/her overall contribution and service to the Company and determine whether the retiring Director continues to meet the nomination criteria set out in the Nomination Policy. The Nomination Committee will, where appropriate, recommend the retiring Director to the Board for consideration and recommendation to the Shareholders for the proposed re-election of the retiring Director at a general meeting.

In evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the structure, size, composition and needs of the Board, taking into account succession planning and the diversity of the Board, where appropriate; the diversity criteria set out in the Board Diversity Policy; the candidate's character and integrity, independence (where applicable), commitment to devote time and effort 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 Board's duty to supervise the management of the businesses and affairs of the Group. All Directors are required to disclose their interests in any competing business to the Company. Cross-directorships in Hong Kong or overseas between the Directors (if any) 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 each member of the Nomination Committee at those meetings is set out below:

Name of the Director	**Attendance/ Number of meetings**
Mr. Phang Yew Kiat *(chairman)*	2/2
Mr. Chan Po Siu (retired on 27 May 2022)	2/2
Mr. Wong Ka Bo Jimmy (appointed on 27 May 2022)	N/A
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) reviewed and made recommendation to the Board on the retiring Director's eligibility for re-election at the 2022 AGM;

(4) considered and made recommendation to the Board on the proposed appointment of an independent non-executive Director at the 2022 AGM;

(5) reviewed the Board Diversity Policy and the Nomination Policy; and

(6) considered and made recommendation to the Board for adoption of the Board Independence Evaluation Mechanism and the Gender Diversity Plan.

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**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors, following specific enquiries made by the Company, have confirmed that they had complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions throughout 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 holding companies 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 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 Group's performance, position and prospects. The Directors acknowledge their responsibility for preparing 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 should provide sufficient explanation and information to the Board to enable it to make an informed assessment of the financial and other information put before it for approval.

In preparing the financial statements of the Group for the Year, the Directors adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations. The financial statements of the Group for the Year were prepared by the Directors on a going concern basis and the Directors were not aware of any material uncertainty relating to event or condition that might cast significant doubt on the Group's ability to continue as a going concern. A statement by the Auditor regarding its 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 ESG 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 and maintained an appropriate 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 Management, to safeguard corporate operating management, asset security, 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 (including the material ESG-related risks) the Group is willing to take in achieving its strategic objectives. The Audit Committee is delegated to oversee the Group's risk management and internal control systems on an ongoing basis and conduct a review of effectiveness of the same, which covers all material controls including financial, operational and compliance controls, at least annually. The Management is 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 Management to the Audit Committee and the Board at least once a year. The Board has also established and empowered the ESG Taskforce for the ESG-related matters, duties of which are explained in the "Environmental, Social and Governance Report" of this annual report.

To assist the Audit Committee in fulfilling its responsibilities, the Management has developed a risk management policy in providing directions to identify, evaluate and manage significant risks. Each half year, the Management follows the policy to identify and assess the key risk areas which cover all aspects of corporate strategies, operations and finance, as well as 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 review are then reported to the Audit Committee and the Board for consideration.

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 deficiency 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 responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems. In order to maintain high standards of corporate governance, the Group also engages external independent consultants 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 need 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 which sets out the procedures and controls for handling and dissemination of inside information in compliance with the SFO and the Listing Rules. The policy contains guidelines to the Directors, Relevant Employees and 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 are taken by the Group 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 the Securities and Futures Commission of Hong Kong;

– 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 obligation 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 the confidentiality covenants may have been breached, the Group shall immediately disclose the information to the public. The Group is committed to ensuring that the 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.

Whistleblowing Policy

During the Year, the Company adopted amendments on the Whistleblowing Policy, detailing clear system and procedures for all directors, officers and employees at all levels and divisions of the Group as well as other stakeholders (including business counterparts) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group.

Depending upon the circumstances, the chief financial officer of the Company or a suitable investigation officer with suitable seniority at the Company will be appointed or a special committee will be set up for investigation of the reported case in a confidential and timely manner and the same shall report the investigation results, with any recommendation for change or improvement (if applicable), to the Audit Committee.

The Audit Committee shall regularly review the Whistleblowing Policy and make appropriate revision, where necessary, to improve its effectiveness.

Anti-Corruption Policy

The Group takes a zero-tolerance approach towards all forms of bribery, corruption, money laundering or fraud. During the Year, the Company adopted amendments on the Anti-Corruption Policy which sets out the basic standard of conducts and provides guidance to all directors, officers and employees at all levels and divisions of the Group on acceptance of advantages and handling of conflicts of interest. The Group also encourages and expects its business partners to abide by the principles of the Anti-Corruption Policy.

Under the Anti-Corruption Policy, the Group's regular auditing procedures may, when deemed necessary and appropriate, include a review of the local circumstances that may make particular officer or project vulnerable to corruption, and the defences and strategies that are in place to mitigate such risk. The Company may, where necessary, also arrange audit of compliance with the Anti-Corruption Policy on an office and function basis, result of the same will be reported to the Audit Committee.

Pursuant to the Anti-Corruption Policy, the Group shall arrange regular anti-corruption trainings and briefings for all of its employees, and further trainings which are specific to the respective employees' field of business, to ensure its employees' awareness of the Group's anti-bribery, anti-corruption and anti-money laundering practices as well as the compliance with the laws and regulations.

The Audit Committee shall regularly review the Anti-Corruption Policy and make appropriate revision, where necessary, to improve its effectiveness.

The Company has confirmed that the risk management and internal control provisions under the CG Code had been complied with throughout the Year. The Audit Committee has performed the annual review on the effectiveness of the Group's risk management and internal control systems (including the ESG 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 (including ESG risks); the Group's ability to cope with its business transformation and the changing external environment; the scope and quality of the Management's ongoing monitoring of the risks (including ESG risks) and of the internal control systems; the extent and frequency of communication to the Board and/or the Audit Committee in relation to the monitoring results and internal control reviews; the significant control failures or weaknesses identified (if any) during the Year and their related implications; the effectiveness of the Group's processes for financial reporting and compliance with the Listing Rules; and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting. The Audit Committee received a confirmation from the Management on the effectiveness of the risk management and internal control systems (including the ESG risk management and internal control systems) of the Group for the Year, 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 (including the ESG 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.

During the Year and up to the date of this annual report, Mr. Ho Kai Tak ("**Mr. Ho**"), a practicing solicitor in Hong Kong and an external service provider, has been the Company Secretary. The primary corporate contact person at the Company for the purpose of the Code Provision C.6.1 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.

AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

The re-appointment of Ernst & Young LLP ("**EY**") as the Auditor was approved by the Shareholders at the 2022 AGM.

During the Year, the analysis of remuneration paid or payable in respect of audit and non-audit services provided by EY to the Group is set out below:

	Remuneration paid/payable S$'000
Audit services	
– Annual audit services	185
Non-audit services	
– Tax returns compliance services	13
	198

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 disclosed pursuant to the mandatory disclosure requirements under the CG Code:

– Convening an extraordinary general meeting ("EGM") of the Company and putting forward proposals at the general meeting

Pursuant to Article 58 of the Articles of Association, any one or more Shareholders 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 the Company's general meetings 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 any business specified in such requisition. Such 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/herself/itself (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 by the Company.

The Shareholder(s) who wish(es) 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 headquarters or principal place of business in Hong Kong, 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, a Shareholder may propose a person other than the retiring Director(s) for election as a Director at any general meeting of the Company. Detailed procedures for the same are available on the Company's website.

– Putting enquiries to the Board

The Shareholders may at any time send their written enquiries in respect of the Group and/or the Board by addressing the same to the Board via the Company's website (www.chuanholdings.com), mail to the Company's principal place of business in Singapore or email at chuanlc@singnet.com.sg. In addition, the Shareholders may contact the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, if they have any enquiry 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, investors as well as the public to make rational and informed investment decisions.

The Company is also committed to protecting the privacy rights on all personal data collected from the Shareholders. When collecting personal data from the Shareholders, the Company will specify in the relevant document 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.

During the Year, the Company adopted the Shareholders Communication Policy with the objectives of ensuring the Shareholders, and in appropriate circumstances, the Group's customers and the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Group and encouraging them to engage actively with the Company. The Board shall be responsible for maintaining an on-going dialogue with the Shareholders and investors, and reviewing the Shareholders Communication Policy on a regular basis to ensure its effectiveness.

Information of the Group is mainly communicated through the Company's general meetings, corporate communications (including but not limited to annual and interim reports, notices, announcements, proxy forms and circulars) and disclosures on the website of the Company. The Company's website provides the general and up-to-date information of the Group at a dedicated "Investor Relations" section and an effective communication platform to the Shareholders, investors and the public. Contact details of the Company, such as telephone hotline, fax number, email address and postal address, are also available on the Company's website, in order to enable the Shareholders and other stakeholders to communicate their views via such means. Apart from raising general enquiries to the Board, manner of which is set out in the section headed "SHAREHOLDERS' RIGHT" above and reporting concerns about possible improprieties related to the Group under the scope of the Whistleblowing Policy set out in the section headed "Whistleblowing Policy" above, the Shareholders and other stakeholders may lodge any suggestion and complaint with full details in respect of the Group and/or the Board by addressing to the complaints officer of the Group via the Company's website, mail to the Company's principle place of business in Singapore or email at chuanlc@singnet.com.sg, or by phone, if the complainant has any individual difficulty to lodge a written suggestion/complaint.

The Shareholders Communication Policy are available on the Company's website. Having reviewed the Shareholders Communication Policy and in consideration of multiple channels of communication and engagement in place, the Board has confirmed that the Shareholders Communication Policy was appropriate and effective for the Year.

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. Nonetheless, the Board proposes to make certain amendments to the amended and restated memorandum of association and articles of association (the "**Memorandum and Articles of Association**") of the Company, and therefore, to adopt the second amended and restated memorandum of association and articles of association of the Company in substitution for, and to the exclusion of, the Memorandum and Articles of Association.

For further details, please refer to the announcement of the Company dated 30 March 2023 and the circular of the Company which will be sent to the Shareholders together with this annual report.

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 sharing 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 Group'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, 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 the same 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 Company's general meetings, where the Shareholders can directly exchange their views with the Board. For each substantially separate issue 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 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 the Auditor's independence. The chairman of the independent Board committee (if any) shall attend any general meeting to approve a connected transaction or any transaction that requires independent Shareholders' approval and be available to answer questions thereat.

The Company reviews the proceedings of its general meetings from time to time to ensure the same follows good corporate governance practices. Pursuant to the Articles of Association, the Company shall arrange the notice of AGM to be sent to the Shareholders not less than 21 clear days and not less than 20 clear business days before the AGM and the notice of EGM to be sent to the Shareholders not less than 14 clear days and not less than 10 clear business days before the EGM. Pursuant to the Listing Rules, any vote of the Shareholders at the general meeting should be taken by poll. The chairman of the meeting shall ensure the detailed procedures for conducting a poll are explained to the Shareholders and answer any question relating thereto prior to the poll being taken. The Company's Hong Kong branch share registrar and transfer office shall act as the scrutineer for the vote-taking at the general meetings. Announcement on the poll vote results shall be made by the Company in the manner prescribed under Rule 13.39(5) of the Listing Rules and shall be published on the website of the Stock Exchange and the website of the Company.

During the Year, the 2022 AGM was held on 27 May 2022 at the Company's headquarters and the attendance record of each Director at the 2022 AGM is set out below:

Name of the Director	**Attendance**
Executive Directors	
Mr. Lim Kui Teng *(CEO)*	✓
Mr. Bijay Joseph	✓
Mr. Lau Yan Hong (retired on 27 May 2022)	✓
Mr. Quek Sze Whye (retired on 27 May 2022)	✓
Non-executive Director	
Mr. Phang Yew Kiat *(Chairman of the Board and chairman of the Nomination Committee)*	✓
Independent Non-executive Directors	
Mr. Chan Po Siu *(chairman of the Audit Committee)* (retired on 27 May 2022)	X
Mr. Wee Hian Eng Cyrus	✓
Mr. Wong Ka Bo Jimmy *(chairman of the Audit Committee)* (appointed 27 May 2022)	✓
Mr. Xu Fenglei *(chairman of the Remuneration Committee)*	✓

Businesses transacted at the 2022 AGM include the adoption of the audited consolidated financial statements of the Group and the reports of the Directors and of the Auditors for the financial year ended 31 December 2021; the re-election of a retiring Director; the appointment of an independent non-executive Director; the fixing of the Directors' remuneration; the re-appointment of EY as the Auditor and the fixing of its remuneration; and the grant of the general mandates to buy-back the Shares and to issue the Shares (and the extension thereof). All the aforesaid proceedings were duly followed at the 2022 AGM.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the Consolidated Financial Statements for the financial year ended 31 December 2022.

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, an analysis of the Group's performance using financial key performance indicators and a description of the principal risks and uncertainties facing the Group for the Year, as well as 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 is committed to reinforcing its values of acting lawfully, 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 ESG-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 reduce waste, maximise efficiencies and minimise 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 management policy with procedures to enable the Group to fulfill its commitment to the long-term sustainability of the environment and the communities in which it operates. The Group endeavours to maintain an environmental-friendly and low-carbon emission business operation to help fight against global climate changes.

Detailed information on the ESG 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 manpower resources to ensure ongoing compliance with all 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 Singapore, the Cayman Islands and Hong Kong respectively.

On the corporate level, the Company had complied with the Listing Rules and the SFO in relation to, among others, the disclosure of information and the corporate governance matters throughout the Year. The Company has also adopted the Model Code.

So far as it is known to the Directors, the Group had complied with all relevant laws and regulations whereat the Group was operating that had a significant impact on the Group throughout the Year.

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 remunerations and benefits, training, occupational health and safety. The Group is also committed to ensuring all employees and job candidates are treated fairly and equally.

In view of 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 endeavours to maintain good and stable relationships with its customers and suppliers. With the aim of improving service quality, the Group has put in place a customer complaint handling mechanism to receive, analyse and study the complaint cases (if any), and to make recommendations on remedial actions. The Group regularly reviews and evaluates the performance of its suppliers by conducting fair and strict appraisals.

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 and had been fully utilised as at 31 December 2022.

Details of the use of the Net Proceeds are disclosed in the section headed "Use of Proceeds" on pages 19 and 20 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.

No interim dividend was paid during the Year and the Board did not recommend the payment of a final dividend for the Year. There was no arrangement under which any Shareholder had waived or agreed to waive any dividend during the Year.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the published 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 of 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 to the Shareholders represent the aggregate of share premium and contributed surplus less accumulated losses. Under the Companies Act, 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 the Memorandum and Articles of Association, 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 2022, the Company's reserves available for distribution to the Shareholders were approximately S$60.3 million, being the aggregate of share premium and contributed surplus of approximately S$72.0 million less accumulated losses of approximately S$11.7 million.

DONATIONS

The Group's donations for charitable and other purposes during the Year are disclosed on page 117 of this annual report.

DIRECTORS

The Directors during the Year and up to the date of this report are set out below:

Executive Directors

Mr. Lim Kui Teng
Mr. Bijay Joseph
Mr. Lau Yan Hong (retired on 27 May 2022)
Mr. Quek Sze Whye (retired on 27 May 2022)

Non-executive Director

Mr. Phang Yew Kiat *(Chairman of the Board)*

Independent Non-executive Directors

Mr. Chan Po Siu (retired on 27 May 2022)
Mr. Wee Hian Eng Cyrus
Mr. Wong Ka Bo Jimmy (appointed on 27 May 2022)
Mr. Xu Fenglei

With effect from the conclusion of the 2022 AGM, (i) each of Mr. Lau Yan Hong ("**Mr. Lau**") and Mr. Quek Sze Whye ("**Mr. Quek**") retired as an executive Director; (ii) Mr. Chan Po Siu retired as an independent non-executive Director; and (iii) Mr. Wong Ka Bo Jimmy has been appointed as an independent non-executive Director upon approval by the Shareholders at the 2022 AGM. For further details, please refer to the announcements of the Company dated 25 April 2022 and 27 May 2022 respectively.

The biographical details of the Directors as at the date of this report are set out on pages 24 to 26 of this annual report.

In accordance with Article 84(1)-(2) of the Articles of Association, Mr. Wee Hian Eng Cyrus and Mr. Xu Fenglei will retire from office by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Details of the Directors' service contracts are set out on pages 31 to 33 of this annual report.

None of the Directors (including any Director proposed for re-election at the forthcoming AGM) has entered into 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 for the time being of the Company and every one of them, and every one of their heirs, executors and administrators, 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 matter in respect of any fraud or dishonesty which may attach to any of the said persons.

During the Year and up to the date of this report, the Company has taken out and maintained a Directors' liability insurance, which provides appropriate cover for the legal actions against the Directors and the directors of the Company's subsidiaries arising from corporate activities. 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 2022, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept 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 Underlying Shares

	Number of Shares					
Name of the Director	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Sub-total	Number of underlying Shares held under equity derivatives *(Note 3)*	Total	Approximate percentage of the issued Shares as at 31 December 2022
Mr. Lim Kui Teng ("**Mr. Lim**")	21,380,000 *(Note 1)*	529,125,000 *(Note 2)*	550,505,000	–	550,505,000	53.11%
Mr. Bijay Joseph ("**Mr. Joseph**")	–	–	–	8,000,000	8,000,000	0.77%
Mr. Phang Yew Kiat ("**Mr. Phang**")	–	–	–	31,092,000	31,092,000	3.00%

Notes:

1. As disclosed in the voluntary announcement of the Company dated 17 June 2022 (the "**Voluntary Announcement**"), due to certain administrative mistakes, Mr. Lim failed to notify the Company and the Stock Exchange in accordance with Part XV of the SFO of six purchases of the Shares in the aggregate sum of 4,336,000 Shares (i.e. approximately 0.42% of the issued Shares) made by him in the capacity as beneficial owner on various occasions in January 2020 and November 2020 respectively (the "**Subject Shares Purchases**"). For further details, please refer to the Voluntary Announcement.

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

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

Aggregate Long Positions in the 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 the issued shares of the associated corporation as at 31 December 2022
Mr. Lim	Brewster Global *(Note)*	Beneficial owner	1	100%

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

Save as disclosed above, as at 31 December 2022, none of the Directors or the chief executives of the Company had any interest or short position in the 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 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 from 10 May 2016. Pursuant to 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 employees or proposed employees (whether full time or part time, including directors) of members or invested entities of the Group; suppliers of goods or services; customers; persons or entities that provide research, development or other technological support; the Shareholders; or other participants who contribute to the development and growth of the Group or its 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, which represents approximately 9.6% of the issued Shares as at the date of this annual report.

– Maximum entitlement of each eligible participant

No option shall be granted to any eligible participant 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 the date of 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 (as defined in the Listing Rules) 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, and 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 options are fixed before the Shareholders' approval is sought.

– Period within which the option may be exercised by the grantee

Options 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.

There is no general requirement on the performance targets that must be achieved before an option may be exercised under the Share Option Scheme. However, the Board may, on the case by case basis, make an offer subject to the conditions in relation to performance targets to be achieved and the relevant clawback mechanism for the Company to recover the options granted as the Board may determine in its absolute discretion.

– Vesting period of options granted

No vesting period shall be provided for the options granted under the Share Option Scheme unless otherwise determined by the Board at the time of grant.

– Payment on acceptance of the option

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

– Basis of determining the exercise price of options granted

The exercise price 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 of the option (the "**Date of Grant**"), 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 Date of Grant; and (iii) the nominal value of the Shares on the Date of Grant. 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 Date of Grant.

– Remaining life

The Share Option Scheme shall expire on 9 May 2026.

During the Year, the Company granted 10,364,000 options to subscribe for a total of 10,364,000 Shares under the Share Option Scheme. The number of share options available for grant under the Share Option Scheme at the beginning and the end of the Year is 10,412,000 and 48,000 respectively.

Details of movements in the share options granted by the Company under the Share Option Scheme during the Year are as follows:

			Number of shares options								
Name of the participant	Date of Grant	Exercise price per Share HK$	Outstanding as at 1 January 2022 *(Note 1)*	Transferred to another category during the Year	Transferred from another category during the Year	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Outstanding as at 31 December 2022	Exercise period *(Note 5)*
Directors											
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)) *(Note 2)*	–	–	–	-	-	–	10 May 2021 to 9 May 2026 (both days inclusive)
Mr. Quek	28 October 2020	0.090	8,000,000 (L)	(8,000,000 (L)) *(Note 3)*	–	–	–	-	-	–	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	10,364,000 (L)	–	–	–	–	-	-	10,364,000 (L)	16 October 2022 to 9 May 2026 (both days inclusive)
	1 November 2022	0.103	N/A	-	-	10,364,000 (L) *(Note 4)*	-	-	-	10,364,000 (L)	16 October 2023 to 9 May 2026 (both days inclusive)
Employees of the Group	28 October 2020	0.090	44,860,000 (L)	–	16,000,000 (L) *(Notes 2&3)*	–	–	-	-	60,860,000 (L)	10 May 2021 to 9 May 2026 (both days inclusive)
Total			89,588,000 (L)	(16,000,000 (L))	16,000,000 (L)	10,364,000 (L)	–	-	-	99,952,000 (L)	

Notes:

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

2. Mr. Lau retired as an executive Director with effect from the conclusion of the 2022 AGM but has remained to act as a Senior Management. Accordingly, the share options granted to Mr. Lau were transferred from the category of "Directors" to the category of "Employees of the Group".

3. Mr. Quek retired as an executive Director with effect from the conclusion of the 2022 AGM and entered into a letter of advisory service with Chuan Lim for a fixed term from 27 May 2022 to 31 December 2022 (subject to further extension if the same is agreed by both parties). Accordingly, the share options granted to Mr. Quek were transferred from the category of "Directors" to the category of "Employees of the Group".

4. On 1 November 2022, the Company granted Mr. Phang 10,364,000 options to subscribe for a total of 10,364,000 Shares with an exercise price of HK$0.103 per Share and for an exercise period from 16 October 2023 to 9 May 2026 (both days inclusive). The closing price of the Shares immediately before the date on which those share options were granted was HK$0.11. For further details, please refer to the announcement of the Company dated 1 November 2022.

5. Vesting period of the share options granted commences from the Date of Grant of the relevant share option up to the date immediately before the same becomes exercisable.

The grant of the share options to Mr. Phang was made pursuant to the letter of appointment entered into between the Company and Mr. Phang in relation to his appointment as the Chairman of the Board and a non-executive Director for a term of three years commencing from 16 October 2020, whereby the Company agreed to pay Mr. Phang a nominal Director's fee of HK$1 per annum and grant to Mr. Phang share options to subscribe for a total number of Shares which represents 1% of the issued share capital of the Company at the time of grant for each of the three years term of appointment, provided that his appointment is not determined before the end of each appointment year and subject to the terms and conditions of the Share Option Scheme. Taking into account of the aforesaid matters, including the exercise period and the conditions of the share options granted, the Remuneration Committee considered that such grant was appropriate, aligned with the purpose of the Share Option Scheme and was in the interest of the Company and the Shareholders. Accordingly, the Remuneration Committee approved and made recommendation to the Board to grant the share options to Mr. Phang.

The number of Shares that may be issued in respect of the share options granted under the Share Option Scheme during the Year divided by the weighted average number of Shares in issue for the Year is 0.9%. Details of the fair value of the share options granted during the Year at the Date of Grant together with the accounting standard and 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 and at the end of the Year was the Company, or any of its subsidiaries, its holding companies or its fellow subsidiaries, a party to any arrangement 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 spouses or children under 18 years of age, had any right to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate or exercised any such right during the Year.

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

So far as it is known to the Directors and the chief executives of the Company, as at 31 December 2022, the interests and short positions of the persons, other than the Directors and the chief executives of the Company, in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Aggregate Long Positions in the Shares

Name of the substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of the issued Shares as at 31 December 2022
Brewster Global	Beneficial owner	529,125,000 *(Note 1)*	51.05%
Ms. Yee Say Lee ("**Ms. Yee**")	Interest of spouse *(Note 2)*	550,505,000 *(Note 3)*	53.11%

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 under the SFO.

3. As disclosed in the Voluntary Announcement, due to certain administrative mistakes, Mr. Lim failed to notify the Company and the Stock Exchange in accordance with Part XV of the SFO of the Subject Shares Purchases. Ms. Yee also had not notified the Company and the Stock Exchange of her interests in the Shares with regard to the Subject Shares Purchases. For further details, please refer to the Voluntary Announcement.

Save as disclosed above, as at 31 December 2022, no person, other than the Directors and the chief executives of the Company, had any interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

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 associates (as defined in the Listing Rules) had any interest in a business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

Mr. Lim, a controlling Shareholder and an executive Director, has confirmed that he had not engaged in any business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the businesses of the Group, and that he had complied with the undertaking given under the deed of non-competition as disclosed in the Prospectus throughout the Year. The independent non-executive Directors were not aware of any incident of non-compliance of such undertaking.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND 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 entered into by the Company, or any of its subsidiaries, its holding companies or its fellow subsidiaries, and in which a Director, or any of his connected entities, had, directly or indirectly, a material interest, subsisted at any time during the Year or at the end of the Year.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

During the Year,

– Approximately 30.3% (2021: 24.7%) and approximately 74.6% (2021: 71.7%) 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 17.7% (2021: 21.3%) and approximately 33.1% (2021: 48.6%) 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 19.0% (2021: 29.0%) and approximately 52.9% (2021: 57.8%) 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 close associates (as defined in the Listing Rules) or the Shareholders (which to the knowledge of the Directors own more than 5% of the issued Shares) had any beneficial interest in any of the Group's five largest suppliers or customers during the Year.

MANAGEMENT CONTRACTS

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

CHANGES IN DIRECTORS' INFORMATION

There was no change in information on the Directors since the date of the interim report of the Group for the six months ended 30 June 2022 and up to the date of this annual report, which is 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 which are subject to the annual review and disclosure requirements under Chapter 14A of the Listing Rules, details of which during the Year are as follows:

(1) On 14 December 2021, the Company (for and on behalf of the Group) and Golden Empire Civil Engineering Pte. Ltd. ("**Golden Empire**"), a company incorporated in Singapore with limited liability, entered into a new rental services framework agreement 1 (the "**Rental Services Framework Agreement 1**") 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 should 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**").

    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 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.

The total amount of rental services and labour supply provided by the Group to Golden Empire during the Year was approximately S$219,000.

(2) On 14 December 2021, the Company (for and on behalf of the Group) and Golden Empire-Huationg Pte. Ltd. ("**GEHT**"), a company incorporated in Singapore with limited liability, entered into a new rental services framework agreement 2 (the "**Rental Services Framework Agreement 2**") 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 should 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.

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 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.

The total amount of rental services and labour supply provided by the Group to GEHT during the Year was approximately S$219,000.

(3) 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 respectively. 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 of 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 set out in the Subcontract Agreement.

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 ended 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 "**Circular**").

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 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.

The Supplemental Agreement ended with the completion of the works stipulated thereunder during the Year. The total amount recognised by the Group in relation to the reclamation and marine works subcontracted to Golden Empire after deducting the Subcontracting Commission during the Year was approximately S$2,903,000.

(4) On 14 December 2021, Chuan Lim and Hulett Construction (S) Pte. Ltd. ("**Hulett Construction**"), a company incorporated in Singapore with limited liability, entered into a new master lease agreement (the "**Master Lease Agreement**") 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 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**") of S$64,812.01, which includes the rentals of (i) the warehouse, workshop and 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 the 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.

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.

As the Group recognised 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 constituted 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 recognised as expenses in the Group's profit and loss accounts in the periods in which they are incurred, should 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.

The total amount of the Monthly Rent and the Other Charges charged by Hulett Construction to the Group during the Year was approximately S$778,000 and approximately S$1,643,000 respectively.

The price and terms of the respective continuing connected transactions mentioned in paragraphs (1) to (4) above were determined in accordance with the respective pricing policies and guidelines as disclosed in the Announcement and the Circular. The independent non-executive Directors have reviewed the continuing connected transactions for the Year and confirmed that the transactions had been entered into:

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

– on normal commercial terms or better; and

– according to the 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 abovementioned continuing connected transactions 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 abovementioned 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 is 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 details of the advances to the entities and the financial assistances to, and guarantees given for facilities granted to, the Company's joint ventures and associated companies (collectively, the "**affiliated companies**") as at 31 December 2022 are as follows:

On 7 May 2021, each of Longlands, Mr. Tng Kay Lim ("**Mr. Tng**"), an independent third party, and Mr. Yang Tse Pin ("**Mr. Yang**"), an independent third party, entered into a shareholder's loan agreement with Chuan Investments Pte. Ltd. (the "**JV Company**"), a company incorporated in Singapore with limited liability which is owned as to one-third each by Longlands, Mr. Tng and Mr. Yang respectively, 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 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. The amount of the contribution was determined based on the JV Company's portion (being 30%) of 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.

The advances to the entities as well as the financial assistances and guarantees to the affiliated companies given by the Group as at 31 December 2022 are set out below:

	2022 **S$'000**	2021 S$'000
Amount due by the affiliated companies *(Note)*	**8,689**	6,936
Guarantees given for the affiliated companies in respect of banking and other credit facilities	**–**	–
Commitments to capital injections and loan contributions	**8,211**	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 assistances from the Group and the Group's attributable interests in those affiliated companies as at 31 December 2022 are presented as follows:

	Combined statement of financial position S$'000	The Group's attributable interests S$'000
Non-current assets	29,619	9,863
Current assets	219	73
Current liabilities	(87)	(29)
Total assets less current liabilities	29,751	9,907
Non-current liabilities	(27,666)	(9,213)
Net assets	2,085	694

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 2022.

EMOLUMENY POLICY AND LONG-TERM INCENTIVE SCHEMES

The employees' emolument policy adopted by the Group and the Remuneration Policy are set out on pages 23 and 42 of this annual report respectively.

The Company has adopted the Share Option Scheme as an appropriate long-term incentive scheme 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 ("**CPF**") 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 ("**CPF Act**"), laws of Singapore, the Group is obliged to make CPF contributions for all of its employees who are Singapore citizens or permanent residents employed in Singapore.

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 shares of the monthly CPF contributions. However, the employer can recover the employee's share of the monthly CPF contributions from his/her wages when the contributions are paid for that month. No forfeited contribution under the CPF Scheme may be used by the employer to reduce the existing level of contributions.

The total costs charged to profit or loss, amounting to approximately S$703,000 for the Year, represent the CPF contributions paid by the Group. As at 31 December 2022, 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 HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, the Senior Management and the five highest paid individuals of the Group are set out in Note 8 to the Consolidated Financial Statements. The five highest paid individuals of the Group included 3 Directors and 2 Senior Management for the Year. The remunerations of the Senior Management for the Year are as presented in the table below:

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

There was no arrangement under which any Director had waived or agreed to waive any emolument during the Year.

TAX RELIEF

The Company is not aware of any relief from taxation to which the Shareholders are entitled 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.

REPORT OF THE DIRECTORS

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 28 of this annual report, the Company had complied with all applicable Code Provisions throughout the Year.

AUDITORS

With effect from the conclusion of the AGM held on 24 May 2021, BDO Limited, which had been serving the Company continuously for 5 years at the material time, retired as the Auditor and EY has been appointed as the Auditor.

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

EVENTS AFTER END OF YEAR

The Directors confirm that there has been no significant event affecting the Group after 31 December 2022 and up to the date of this annual report.

On behalf of the Board

Phang Yew Kiat
Chairman and Non-executive Director
30 March 2023

ABOUT THE COMPANY AND THE GROUP

The Company is listed on the Main Board of the Stock Exchange (Stock Code: 1420) and the Group is one of the leading construction contractors in Singapore, principally engaged in offering quality earthworks and ancillary services and general construction works.

The Group's core business, earthworks and ancillary services, encompasses land clearing, demolition, rock breaking, mass excavation, deep basement excavation, foundation excavation, earth disposal, earth filling and shore protection on a variety of commercial and residential projects, while its general construction works generally cover projects ranging from new project development to alteration and addition works in private developments and public sector.

As a mainstay earthworks contractor that has enjoyed a market-leading position in Singapore for more than two decades, the Group has always been committed to providing timely and reliable quality services with integrity and best-in-class workmanship while complying with all safety and regulatory requirements. The Group delivers its ESG commitments to promote sustainability, striving to maintain a balance between social, environmental and economic developments, while unwaveringly addressing the needs of stakeholders and the community.

ABOUT THIS REPORT

Overview

The Group highly recognises the importance of sustainable corporate development and is committed to integrating green concept in its daily operations. The Group is pleased to present this environmental, social and governance report (the "**ESG Report**") to provide an overview of the ESG principles, policies and achievements of the Group during the Reporting Year.

Reporting Year and Scope

The ESG Report provides an overview of the Group's ESG management approach and covers the sustainability performance and initiatives of the Group in conduct of its operations and businesses in both segments relating to provision of earthworks and ancillary services and general construction works in Singapore, where the Group's principal business operations are located for the year from 1 January 2022 to 31 December 2022. The Group has operational control over these principal business operations.

The Group strives to deliver its commitment in local community and make every effort to achieve a sustainable business model. As such, the Group is pleased to present the ESG Report to provide an overview of its practices and performances in various aspects, namely (i) stakeholder engagement, (ii) environmental engagement, (iii) employment and labour practices, (iv) operational practices and (v) commitment to society. The ESG Report also discloses the Group's policies, compliance issues as well as key performance indicators ("**KPIs**") from and include the Company and its operating subsidiaries.

Reporting Standards

The ESG Report was prepared in accordance with the latest requirements of the Environmental, Social and Governance Reporting Guide (the "**Guide**") set out in Appendix 27 to the Listing Rules. The ESG Report is based on the four reporting principles of "materiality", "quantitative", "balance" and "consistency" as required in the Guide.

For the full list of ESG aspects, respective KPIs and their reference within the ESG Report, please refer to the Stock Exchange ESG Guide Content Index included on pages 119 to 123 of the ESG Report.

Reporting Principles

In order to precisely present the stakeholders with its ESG performance, the ESG Report is prepared in accordance with the following four principles:

Materiality
Regularly conducting materiality assessments to identify the material ESG issues which the Group and its stakeholders are concerned with, and ensuring that the issues that are important and relevant to the stakeholders are reflected in the ESG Report.

Quantitative
Disclosing the ESG KPIs in quantitative terms, with interpretation and comparative data to provide the investors and stakeholders an easy access to the Group's ESG performance.

Balance
Providing an unbiased picture of the Group's ESG performance and avoiding any selection, omission or misleading presentation format that may inappropriately influence the reader's judgement.

Consistency
Presenting and preparing ESG data by using consistent methodologies, assumptions, and principles to ensure comparability of ESG data between the current and the previous reporting year, unless otherwise specified.

Confirmation and Approval

To ensure that the information presented in the ESG Report is as accurate and reliable as possible, the Group has established internal regulatory mechanisms and a review process. The content of the ESG Report has also been reviewed by the Senior Management, and approved by the Audit Committee and the Board.

Opinion and Feedback

The Group values your opinion in assisting to improve its sustainability management. Your valuable feedback on both the content and the format of the ESG Report helps the Group seek continuous improvement. If you have any comment or suggestion regarding the ESG Report, please email the Group at **chuanlc@singnet.com.sg**.

Forward-looking Statements

The ESG Report contains forward-looking statements which are based on the current estimates, expectations, projections and assumptions of the Group about the businesses and the markets in which it operates. These forward-looking statements are not guarantees of future performance and are subject to market changes, risks and factors beyond the Group's control. In view of that, the outcomes and returns may differ significantly from the statements contained in the ESG Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MESSAGE FROM CHAIRMAN

To all stakeholders,

On behalf of the Board, I am pleased to present the ESG report, which describes our targets, efforts and achievements in sustainability throughout 2022.

The Reporting Year was another challenging one for the Group. Despite the fact that Singapore's economy had begun to recover from the lifting of COVID-19 border restrictions and amid the return of tourists, the Group continued to face multiple macroeconomic headwinds, including inflation, geopolitical instability and slower global trade. During the Reporting Year, we demonstrated business resilience, thanks to our determination and perseverance, achieving steady advances against the backdrop of the challenging business environment. We continued to pursue excellence in all aspect of our performance and remained committed to integrating sustainability into all aspects of our operations to create sustainable value for our stakeholders.

The Group has stuck to its core principle of offering quality services that help to build a sustainable future for Singapore. During the Reporting Year, we continued to work closely with our shareholders, customers, employees and business partners to deliver sustainability, which, as part of our commitment to social responsibility, we strive to support in terms of both environmental and social progress. Under the supervision and guidance of the Board, the Group is committed to improving its ESG performance effectively and efficiently, with the help of materiality assessments and environmental target setting to evaluate, prioritse and manage ESG-related issues (including risks to the Group's businesses). During the Reporting Year, we made solid progress in delivering on sustainability management goals and recording improved results in ESG management.

In 2022, the Group's ESG performance reached new heights, including a 17.2% reduction in greenhouse gas ("**GHG**") emissions compared to the previous year, as well as a 17.4% reduction in energy use and a 16.5% reduction in water use. We would like to recognise the efforts of our employees in all departments and the contributions of our ESG Taskforce to these achievements. In the future, the Board will continue to closely monitor the Group's ESG performance and integrate ESG issues into the Group's business strategies and operations.

The Reporting Year was also one in which multiple records for extreme weather events were broken. During the delivery of the Singapore Government's Budget Statement for 2022, Mr. Lawrence Wong, Singapore Deputy Prime Minister and Minister for Finance, announced the country's new climate ambitions — to commit to the goal of achieving net-zero emissions by 2050 and to reduce emissions to 60 million tonnes of carbon dioxide equivalent ("**tCO_2e**") by 2030. Adhering to the government's guidance, the Group will proactively promote energy-saving and emission reduction measures to contribute to sustainable social development.

To prepare for the transition to a low-carbon economy, during the Year, the Group launched a campaign named "Green Sustainability Project" (the "**Green Sustainability Project**") under the slogan "Think Green; Go Green", with the aim of promoting social responsibility and recycling among its employees. Guided by its green principles, the Group provides trainings and ensures that its employees fully understand the Group's sustainability strategies and environmental-friendly culture, and encourages them to contribute to environmental sustainability in their neighbourhoods.

In addition to stepping up efforts on social responsibility issues, we also aim to explore sustainable energy by integrating solar energy systems and electric vehicles into our daily operations, thereby reducing environmental impacts and moving to net-zero emissions. Apart from creating a positive influence on the overall sustainability of the built environment, we seek to develop a climate-resilient portfolio through collective efforts and to improve resilience against climate-related risks.

Given the persistent influence of COVID-19, the Group continues to take proactive measures to protect the health and safety of its employees and business partners, and it has complied with all public health measures implemented by the local authorities. Upholding its core value of being people-oriented, the Group is highly conscious of potential health and safety issues, and has taken a series of preventive steps to prioritise these at its offices and construction sites. We treasure our staff, who work alongside us through our journey, as our most valued asset, and we will continue to optimise our resources and nurture them by offering a safe, comfortable and productive work environment.

We also encourage our employees to take part in social welfare activities in their spare time, through such means as participating in the community. Since the lifting of the pandemic control measures, our colleagues have become more actively involved in public welfare activities and have taken the initiative in fulfilling certain social duties. We look forward to continuing to explore more opportunities to contribute to our community and benefit the environment, society and our businesses.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our business objectives and vision revolve around maintaining the development of our core construction activities while maximising returns for the Shareholders, at the same time promoting sustainable development for the society and environment. The Group acknowledges that a healthy environment is crucial to the well-being of our society, citizens and business. With this in mind, the Group is dedicated to maintaining a low level of energy consumption and emissions in every aspect of its operations. Our commitment to environmental stewardship and sustainability encompasses all of our construction activities, and we will continue to enhance operational efficiency and carry out measures to reduce the impacts of our daily activities on the environment going forward.

On behalf of the Group, I would like to take this opportunity to extend my gratitude to the Board, the management team and our employees for their contributions to promote the Group's green development strategy. As we fulfil our social responsibility and comply with official regulations, we are advancing sustainable environmental and social progress. And as our businesses grow, we will continue to uphold our commitment to providing quality and first-class services to our customers, while creating a long-term positive value for our stakeholders and communities.

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

SUSTAINABILITY VISION

The Group acknowledges that sustainable development is the key to business growth and success. The Management attaches great importance to the compliant operation and sustainability management, striving to promote a long-term, healthy and sound development with good corporate governance.

Guided by the "Green and Gracious" principles, the Group organises its approach and green initiatives to provide a pleasurable environment in the neighbourhood of its projects and the public:

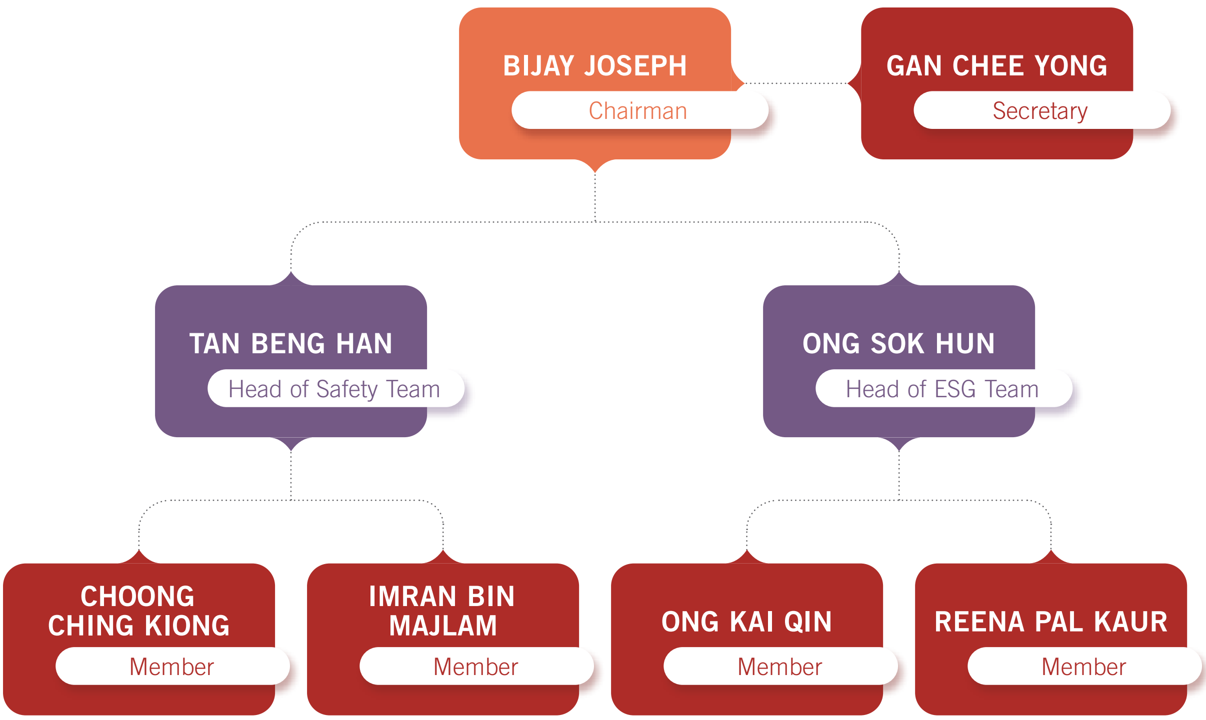
- **G**iving training to all staff to ensure adequate knowledge of "Green and Gracious" practices
- **R**educing, reusing and recycling of materials and wastes
- **E**nsuring efficient usage of electricity, diesel and water
- **E**nsuring air and water pollution are managed
- **N**eatness at sites for good housekeeping
- **G**iving a safe work environment to all staff 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 staff
- **U**sing technology and measures to reduce noise and vibration
- **S**ystem in place to manage manpower recruitment, welfare, performance, rewards and compensation

In preparation for the transition to a low-carbon economy, the Group has focused its efforts on resource efficiency and climate resilience, while managing its environmental footprint responsively. The Group has also incorporated ESG concepts into its decision-making and strategic planning processes, as well as its day-to-day operations, from project planning, design and construction to customer services, with the move to mitigate the negative impacts caused by earthworks and ancillary services and general construction works.

Putting forward its sustainability initiatives requires collective efforts from the Group's employees who are the keys for organisational excellence. The Group has been fostering open and interactive communication, protecting the well-being of its employees and encouraging them to work hand-in-hand towards sustainable development goals. Looking ahead, the Group will continue to uphold its principles in delivering quality earthworks and ancillary services and general construction works, while creating long-term value for its stakeholders and communities. The Group strongly believes that the efforts will earn it an outstanding corporate image.

ESG GOVERNANCE STRUCTURE

The Group is dedicated to upholding high standards of corporate governance and protecting the interests of its shareholders, employees and other stakeholders. With this in mind, the Group has established the ESG Taskforce and policies for managing ESG issues and risks. The structure of the ESG Taskforce is as follows:



The ESG Taskforce consists of eight core members, including the Chairman, being an executive Director, the Secretary to Chairman, along with the ESG Team and the Safety Team which have three team members respectively. The core members of the ESG Taskforce are from different departments with diverse backgrounds and areas of expertise, so they can share diverse views and opinions on ESG matters to drive innovation and progress. The Board regularly reviews the performance of the ESG Taskforce and may from time to time appoint additional members with the relevant experiences and expertise to the ESG Taskforce as the Board considers appropriate. Each member of the ESG Taskforce must be familiar with the terms of reference of the ESG Taskforce, as well as the Group's business operations and risks both generally and in the construction sector.

The ESG Taskforce coordinates with different business units to provide strategic guidance and manage ESG matters. At the same time, the Board, with the assistance of the Audit Committee, closely oversees ESG matters, including 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 set strategic focus and ESG goals, and to identify, evaluate, prioritise and manage ESG matters that are material to the Group (including risks to the Group's businesses) to ensure effective allocation of resources;
- To establish, implement and monitor environmental KPIs and metrics, and to set the relevant goals and targets;
- To formulate, implement and monitor the ESG-related strategies, frameworks and policies of the Group in order to attain the ESG goals and targets;
- To facilitate the Board's oversight of ESG matters and provide suggestions to the Board for the approval of the ESG Report in conformity with all relevant laws, rules and regulations; and
- To direct and oversee the Group's progress towards ESG goals by constantly reviewing KPIs and setting targets.

The ESG Taskforce organises meetings to discuss ESG matters and occasionally invites other members of the Group or external professional parties to attend its meetings. In addition, the ESG Taskforce gains timely access to sufficient materials and data to facilitate the fulfilment of its obligations.

Pursuant to its written terms of reference, the ESG Taskforce shall at least annually report its findings, decisions and recommendations on all ESG matters to the Board for review.

PERFORMANCE REVIEW

Reflecting on the Group's 2022 ESG performance, the Group has made significant efforts in all ESG aspects during the Reporting Year, and successfully attained the following major achievements:

Environment

- GHG emissions dropped by **17.2%**;
- Energy consumption dropped by **17.4%**; and
- Water consumption dropped by **16.5%**

AS COMPARED TO 2021

During the Reporting Year, there was no administrative penalty imposed on the Group regarding violation of the environmental laws and regulations that had a significant impact on the Group.

In terms of the environment, by cooperating closely with its clients and suppliers to implement an environmental-friendly strategy, the Group made every effort to maintain energy consumption efficiency by continuously reducing energy consumption and waste emission.

Social

In terms of social responsibility, the Group was dedicated to enforcing its corporate social responsibility by actively supporting disadvantaged groups and carrying out philanthropic initiatives, including community empowerment and youth development.

Governance

In terms of governance, in the belief that the key to the sustainable business operation is to maintain an ethical business code and thanks to the well-established corporate governance structure, the preliminary ESG governance structure was set up and progressed, while anti-corruption training was conducted across all levels of the Group.

The Group will keep improving its governance effectiveness and related achievements to enhance its performance.

OUR APPROACH TO SUSTAINABILITY

Stakeholder Engagement

Stakeholder engagement is a key in formulating the Group's environmental and social strategies, defining the Group's objectives, assessing materiality, and establishing policies.

Recognising the importance of stakeholder engagement in terms of the Group's sustainability, the Group has been actively communicating with its stakeholders, addressing to their opinions, while enhancing mutual understanding. During the Reporting Year, the Group conducted a survey with its stakeholders to understand their views, responded to their expectations, and evaluated and prioritised their inputs to improve the Group's performance. Through listening to its stakeholders' suggestions, the Group can also have a better idea about the industry and the latest trends, thus improving its sustainability performance.

Stakeholders and Communication Channels

Stakeholder Groups	Issues of Concerns	Engagement Channels
Government and regulatory authorities	• Occupational safety • Environmental impact • Customer privacy • Compliance with laws and regulations	• Officers' site inspections • Meetings with officials • Public consultations on regulations and policies • Feedbacks through industry associations
Shareholders and investors	• Anti-corruption • Financial results • Business performance • Prospects • Corporate governance • Sustainable development strategy	• General meetings and other shareholder meetings • Annual and interim reports, announcements, notices, circulars and publications in websites of the Stock Exchange and the Company • Investor enquiries • Investor meetings • Company's website

Stakeholder Groups	Issues of Concerns	Engagement Channels
Employees	• Remuneration and welfare • Training opportunities • Labour relations • Safe and healthy working environment • Equal opportunities and anti-discrimination	• Emails and announcements • Internal meetings • Training programmes • Regular performance reviews • Corporate newsletters • Staff activities
Customers	• Service quality • Delivery schedules • Cost control • Safety management	• Project meetings • Support hotline • Company's website
Business partners, suppliers and subcontractors	• Safe and healthy working environment • Long-term partnership • Fair trade and anti-corruption • Payment time	• Industrial events • Procurement procedures • Reviews and assessments • Performance monitoring • Supplier/subcontractor meetings • Company's website
Community groups	• Pollution • Waste • Voluntary activities	• News releases • Community opinion surveys • Charity events planning and participation
Media	• Financial results • Business performance • Prospects • Corporate governance • Sustainable development strategy	• News releases • Media enquiries • Media interviews • Annual and interim reports • Company's website

Materiality Assessment

To prepare the ESG Report, the Group carried out a comprehensive stakeholder engagement and materiality assessment to identify the most material ESG topics to the Group for disclosure through the following steps:

Topic Identification

- Identified a potential list of sustainability issues related to the Group's business sustainability and ESG impacts;
- Formed a topic bank, with reference to the international sustainability standards and guidelines, industry trends, and the Group's previous materiality assessment results; and
- Conducted online survey with internal and external stakeholders to rank the materiality of different ESG issues.

Prioritisation

- Studied and analysed the results of the collected stakeholders' online survey, in order to generate a prioritised list of ESG issues of varying significance levels, namely "Extremely material", "Significantly material" and "Material".

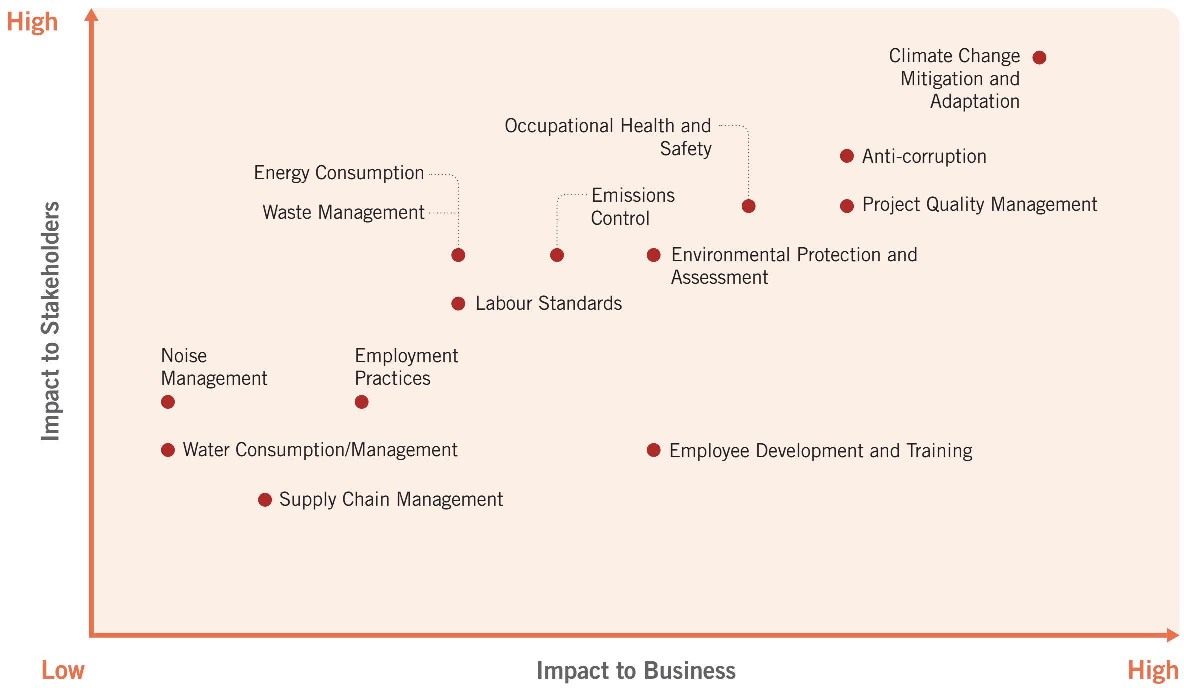
Review

- Reported the results of the materiality assessment to the Board for review and confirmation; and
- Engaged external experts to review the material topics and stakeholders' prioritisation, and to propose suggestions.

Overview of Materiality Assessment Results

The Group gathered responses from internal and external stakeholders who were invited to participate in the survey to assess the 14 sustainability issues identified. The results of the materiality assessment is shown in the chart below. Climate change mitigation and adaptation, anti-corruption and project quality management are the top three material issues of the Group.

Materiality Matrix of the Group



Environmental Engagement

Tackling Climate Change

Recognising the significant impact of climate change on the ecological environment, the Group has made earnest efforts to assess climate impacts of its operational resilience while proactively managing climate risks. The Group is aware that climate change and global warming pose intensifying risks and challenges to the global environment which could bring adverse impact to its business operations, while extreme weather events, namely hurricanes, flooding, heavy rain and typhoon, may result in delay in projects, physical damages to construction sites and offices and dangers to its staff.

The Group seeks to manage climate risks across its business operations and develop mitigation, adaptation, and resilience strategies in line with industry best practices. The Group also ensures that necessary information and resources are available for coping with the physical impacts of climate change and managing potential climate transition risks (e.g. changes in customer preferences and climate-related mandates, etc.). The Group also maintains close communications with all stakeholders in term of climate impacts, in hopes of combating climate change with joint efforts.

During the Reporting Year, the Group was not aware of any third party litigation on climate change or non-compliance with climate-related laws. The Group is currently considering using raw materials which are more environmental-friendly and switching to low-carbon fuels for its support to the ecological environment.

Environmental-friendly Operation Policy

To play a part in building a better and environmental-friendly society, the Group continues to consolidate and strengthen its management systems and mechanisms to implement environmental protection in its day-to-day operations, as well as to establish an environmental management system based on ISO 14001 (Environmental Management System).

Apart from complying with the environmental protection policies formulated by its customers, the Group has established an environmental management policy to enhance the management of environmental matters and compliance with environmental laws and regulations by both its employees and subcontractors on air pollution control, noise pollution control and waste disposal, in hopes of minimising the damages that the Group's operations may possibly bring to the environment and natural resources.

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws of Singapore. Meanwhile, the Group strictly complies with all applicable environmental protection laws and regulations of Singapore, such as the Environmental Protection and Management Act and Environmental Public Health Act. During the Reporting Year, there was no case of prosecution due to violation of relevant environmental protection laws and regulations, including those relating to air and GHG emissions, water and land discharges, and generation of hazardous and non-hazardous waste in the Group's work sites.

In 2021, the Group set up its environmental targets, including reduction in GHG emissions, energy consumption, water consumption and generation of hazardous and non-hazardous waste over the next five years. All these targets were achieved during the Reporting Year and the Group will continuously monitor its ESG performance and report the results in its future ESG reports.

Green Operation

1. *Energy and Carbon Emission Management*

Air Pollution Control – Air and GHG Emissions

Climate change and global warming pose escalating risks and challenges to the global environment, and disruptions to the Group's business operations. Given that the world economy is in the transition to the green economy, the Group is committed to managing the environmental impact of its activities and addressing the challenges of climate change effectively.

As the Group is principally engaged in the construction industry, it is inevitable that its operational activities generate air and GHG emissions. Air pollutants emissions are mainly generated by the use of machineries and equipment at construction sites. Through using advanced technologies, more efficient equipment and behaviour training, the Group has incorporated several green policies and practices into its daily operations with an aim to reduce GHG emissions, namely Nitrogen Oxides ("**NOx**"), Sulphur Oxides ("**SOx**") and Respirable Suspended Particulates ("**RSP**"). The key policies and practices are outlined below:

(i) Regarding air pollution reduction, the Group uses environmental-friendly machineries and equipment and insists on using dark smoke management to prevent excessive emissions. Every fuel-burning machine such as air compressor must be examined by professional examiner before it is put into use;

(ii) To encourage efficient energy consumption, the Group has the following policies:

- Switch off non-essential lighting as well as idle machineries and equipment at construction sites;
- Optimise refurbishment and maintenance processes to keep machineries in optimal condition for energy efficiency;
- Promote energy saving through multiple communication channels (posters, signs, and memos); and
- Monitor the possible sources of chlorofluorocarbons and hydrochlorofluorocarbons by disposing of air-conditioners and refrigerators used by workers appropriately.

(iii) Dust is omnipresent at construction sites. The Group targets to minimise dust exposure while ensuring productivity:

- All dusty stockpiled materials are covered with tarpaulin or fabric sheets;
- The dusty area is irrigated appropriately or enclosed with dust screens where dust-generating activities occur;
- Flushing facilities with automatic detectors and PM2.5 dust control testers are installed at construction sites;
- The de-dust devices are mounted on the tower cranes and circular-connected atomisation dust sprayers are set up on the side of the road;
- All vehicles are properly covered with canvas before leaving construction sites; and
- All construction debris are stored and removed in proper ways.

(iv) Although the utilisation of diesel, electricity and paper is inevitable at construction sites and offices respectively, the Group endeavours to control the intensity of the resources consumption from rising, as compared to the previous reporting year. During the Reporting Year, the total GHG emissions of the Group amounted to approximately 17,977 tCO_2e and the total GHG emissions per employee was approximately 33.67 tCO_2e. A detailed summary of the Group's GHG emissions is shown below; and

(v) The Group has implemented a series of green practices in its operations to minimise the direct and indirect GHG emissions:

Direct GHG Emissions from Diesel Consumption

- Shortening equipment idling durations when they are in use;
- Performing regular repair and maintenance on machineries and vehicles;
- Replacing conventional diesel generators;
- Using energy-saving machineries, including environmental-friendly tipper trucks with Euro 6 standards as well as hybrid and electric cars; and
- Providing the employees with regular campaigns and posting promotion notices about energy savings.

Energy Indirect GHG Emissions

- Given that electricity is the main source of energy indirect GHG emissions, the Group emails employees about energy savings and puts up posters regularly in the office, with the aim of educating them to reduce carbon footprint effectively.

Other Indirect GHG Emissions

- Given that paper is major source of other indirect GHG emissions, the Group encourages the employees to use double-sided printing and copying, and distribute and present the files and documents electronically in the Board and business meetings.

During the Reporting Year, the Group's operations generated approximately 69.13 tonnes of NOx, 0.11 tonnes of SOx, and 5.00 tonnes of RSP respectively. The Group endeavours to address environmental concerns arising from its business operations, including climate change, resource management, emission reduction and green building, in an environmentally responsible manner. For the near-term emission reduction target, the Group intends to reduce GHG emissions by 5% in 2025 compared to 2018.

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

	GHG Emissions Amount and Intensity			
	Quantity – tCO_2e		Intensity – tCO_2e per employee[2]	
GHG Scope[1]	**2022**	2021	**2022**	2021
Scope 1: Direct GHG emissions – diesel consumption	**17,693.79**	21,456.18	**33.13**	41.50
Scope 2: Energy indirect GHG emissions – electricity consumption	**275.36**	259.28	**0.52**	0.50
Scope 3: Other indirect GHG emissions – paper disposal	**8.28**	7.93	**0.02**	0.02
Total GHG emissions	**17,977.43**	21,723.39	**33.67**	42.02

Notes:

(1) GHG emissions data is presented in terms of tCO_2e and are 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 Intergovernmental Panel on Climate Change.

(2) As at 31 December 2022, the total number of full-time employees of the Group was 534 (2021: 517). The data is also used for calculating other intensity data.

Acknowledging combustion of diesel as its major source of GHG emissions, the Group set a 5-year target to gradually reduce the GHG emissions in 2021. The Group will review such target on an on-going basis and continuously record and monitor GHG emissions and other key environmental data in order to achieve the emission reduction targets, while raising employees' understanding of environmental issues with the help of promotion and posters.

2. *Energy Saving Management Implementation*

Energy Consumption

The Group recognises diesel and electricity consumption contribute to the majority of its energy consumption. By constantly looking for energy-saving possibilities and establishing environmental control processes and policies to optimise energy performance at its construction sites and offices, the Group has always been devoted to fostering efficient utilisation of resources and curtailing energy consumption and wastage. Based on the recommendations from the government, the Group prioritises the use of energy-efficient and environmental-friendly construction tools and machineries and office appliances.

Energy Saving

To manage energy saving effectively and efficiently, the Group has adopted a number of green policies and practices to conserve energy consumption. The Group prioritises purchasing equipment and appliances labelled with energy-saving or energy-efficiency that comply with Euro 6 standards. Regarding the construction sites and daily office operations, the Group has been exploring the feasibility of incorporating solar energy as an alternative energy source, thus reducing its reliance on traditional energy source. It helps the Group strike a balance between cost-effectiveness and sustainability. So far, the Group has successfully adopted solar energy to support its site CCTV capturing, which is proved to be an efficient and environmentally-friendly solution. The Group targets to further explore specific application of solar energy in business operations, so as to achieve sustainability and environmental protection.

In addition, the Group has developed several energy-saving measures in accordance with the requirements of developers and contractors and kept updated with the latest developments in environmental protection. Upon discovery of any abnormality, the site staff will report to the relevant department officer and implement corrective measures correspondingly. Regarding office operations, the Group has adopted the following practices:

- Setting and maintaining average room temperatures at 24-26°C during the summer;
- Adopting models with better energy-efficiency when replacing air-conditioners;
- Installing energy-friendly electrical equipment, namely, LED T5 light, energy saving refrigerators, solar panels at construction sites and motion-activated lights in the office;
- Encouraging employees to switch off the lights and other electronic devices equipment (e.g., printers, computers and monitors) when they are not in use;
- Adding energy-saving reminders at the offices to promote environmental awareness;
- Installing sustainable energy facilities such as solar power panels; and
- Gradually switching to hybrid and electric vehicles.

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

	Energy Consumption Amount and Intensity			
	Quantity – kWh		Intensity – kWh per employee	
Energy Type	**2022**	2021	**2022**	2021
Direct energy consumption				
– Diesel	**71,951,263.8**	87,310,123.5	**134,740.2**	168,878.4
Indirect energy consumption				
– Electricity	**678,729.3**	634,709.6	**1,271.0**	1,227.7
Total energy consumption	**72,629,993.1**	87,944,833.1	**136,011.2**	170,106.1

The Group set a 5-year target to achieve reduction in energy consumption in 2021. The Group will review such target on an on-going basis and continuously evaluate and record its energy use for comparison with previous year's data to establish emission reduction's KPIs in the future.

3. *Water Resources Management*

The Group prioritises water conservation and wastewater management, while regularly monitoring its water consumption to identify opportunities for improving water efficiency in daily operations. To strengthen the management and protection of water resources, the Group has developed relevant policies and measures for governing water consumption, amidst adhering to the objective of "save water, use water wisely".

The water consumption of the Group is mainly from domestic water used in its daily construction operations, and the Group does not consume large amount of water in business operations. During the Reporting Year, the majority of the Group's water came from Singapore government's water supply system, and it did not encounter any issue in sourcing water that was fit for its purpose.

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

	Water Consumption Amount and Intensity			
	Quantity – cubic metre		Intensity – cubic metre per employee	
	2022	2021	**2022**	2021
Water	**3,626.3**	4,341.6	**6.8**	8.4

Water management strategies of the Group adopted during the Reporting Year are as follow:

Wastewater Management

- Silt control measures: used designated locations and treatment for silt control and debris from the work sites before discharging to public drain or adjacent premises, while silt traps were maintained regularly;
- Vehicle washing bay: washed the Group's vehicles with high-pressure water jets before they left construction sites;
- Control of oil, diesel or chemical spillage: any potential problem arisen from oil, diesel and chemicals in the construction sites was identified and addressed immediately, while diesel tanks were kept away from the surface drain; and
- Sewerage system: licensed sanitary plumbers were employed at all construction sites to design temporary sanitary and water supply requirements in different premises; surface run-off from construction sites were discharged into storm drains via specifically designed sand/silt removal facilities such as sand traps, silt traps and sediment basins; channels, earth bunds or sandbag barriers were offered on site to direct stormwater to such silt removal facilities; perimetre channels were provided at site boundaries where necessary to intercept storm runoff from outside the site to ensure that it would not be washed across the site.

Water Conservation

- Raised the employees' awareness of water conservation through publicising water resources management measures to employees during trainings;
- Reminded employees to turn off taps for water-saving timely by putting up posters of "water conservation";
- Regularly checked and repaired water containers and pipelines to reduce water leakage;
- Installed different water-saving devices, for example, induction taps and variable frequency pump to adjust water supply based on its actual consumption;
- Installed float make-up valve to automatically shut down water refill through float pressure to avoid water waste; and
- Used water taps for all toilet washing bays.

Recycling

- Recycled wastewater generated from construction site activities;
- Made use of rainwater for indoor toilet flushing, road flushing and green watering; and
- Used cleaning water for landscape water system and watering the green.

It is worth noting that the water consumption reduced by 16.5% year-on-year during the Reporting Year. The Group set a 5-year target to gradually reduce water consumption in 2021. The Group will review such target on an on-going basis and continuously assess and record its water consumption for comparison with previous year's data to develop water consumption reduction target in the future.

4. Waste Management

Taking into account that handling and disposing of waste is a pressing environmental problem in Singapore, the Group is committed to reducing waste generation and recycling waste, which are two material topics in waste management. Since the Group is engaged in the provision of construction services, it is expected that its operating activities will generate significant amount of construction and demolition materials. During the Reporting Year, the Group promoted waste reduction from the source, assessed the production procedures regularly, identified the source of waste to reduce generation of hazardous and non-hazardous waste, and recycled waste in a proactive manner. Besides, as part of its waste management strategy, the Group engaged its suppliers, customers and employees to jointly achieve waste reduction initiatives. During the Reporting Year, the Group's waste management practices complied with the relevant laws and regulations regarding environmental protection.

Ceaseless efforts are made to raise employees' awareness on recycling and reducing waste production, with the adoption of three major initiatives:

1. The Group has engaged a third party waste recycling company to provide three-colour waste separation bins to reduce waste and increase recycling quantity. Every month, the engaged vendor collects the wastes from the bins and provides a report to keep track of the waste collected;

2. The Group launched the Green Sustainability Project during the Reporting Year. With the slogan "Think Green; Go Green", the project aims to encourage more recycling across all levels of staff in the Group. The Group believes that recycling initiatives can be developed to collect and dispose of materials that would otherwise be thrown away, and sustainable resources can be used to promote green building practices while making construction equipment more energy-efficient. As individuals, the Group's employees can play a part in helping to reduce their impact on the environment. The Group organised a series of internal education activities throughout the Year to promote environmental protection awareness and to encourage sustainable practices among staff; and

3. Considering that daily operations for construction activities will generate large amount of small stones and sand, the Group has established a crushing plant that is specifically designed to recycle all reusable materials, namely hardcore concrete, and brick, etc. The materials, which are crushed and turned into useful materials, will then be reused in the Group's construction projects as well as supplied to external parties. Also, given that the crushing plant helps to recycle materials, this measure is effective in conserving natural resources and minimising waste. During the Year, the crushing plant recycled 1,888 loads of materials, which is equivalent to 30,208 tonnes of recycled materials.

Hazardous Waste

Hazardous waste was generated during the Reporting Year, out of which the majority came from construction sites. The waste was mainly comprised of fluorescent lamps, electronic wastes and engine oil. A summary of the Group's hazardous waste disposal performance for the Year is shown as below:

	Hazardous Waste Disposal Amount and Intensity			
	Quantity – tonnes		Intensity – tonnes per employee	
	2022	2021	**2022**	2021
Engine oil	**26.9**	27.3	**0.050**	0.053
Electronic wastes	**0.07**	0.10	**0.000**	0.000
Fluorescent lamps	**0.005**	0.005	**0.000**	0.000
Total hazardous waste	**26.975**	27.405	**0.051**	0.053

To reduce hazardous waste generation, the Group has established guidelines and policies in governing the management and disposal of hazardous waste. The Group handles hazardous waste with special care, including storing hazardous waste with designated containers and in separated areas, and properly labelling the containers for identification purposes. Although the Group does not handle disposal of hazardous waste directly on its own, the Group has ensured strict compliance with the relevant laws and regulations and appointed a qualified third party collector for harmless treatment.

Non-hazardous Waste

The non-hazardous waste of the Group's daily operations was mainly generated from construction sites during the Reporting Year. With an aim of minimising environmental impacts, the Group has set up a set of procedures to ensure all waste materials are handled properly. The Group follows the 4R principles of "Reduce, Reuse, Recycle and Replace" and strives to use materials that cause minimal adverse environmental impacts throughout their lifecycle.

Suitable facilities have also been set up at the construction sites to encourage employees to sort and recycle wastes to achieve the objective of reducing wastes. Construction wastes are sorted and segregated into four categories:

- General construction wastes such as concrete wastes, earth, clay and debris from excavation;
- Organic wastes such as food wastes;
- Recyclable wastes such as steel scrap and timber; and
- Toxic industrial wastes such as used oil and grease from machineries and equipment, used or leftover paints and chemical wastes.

General waste collectors and licensed waste-removing contractors are employed to dispose wastes at authorised dumping ground or disposal facilities, meanwhile wastes such as steel or wood are recycled whenever possible.

The Group always strives to maintain high standards on waste reduction, educating its employees in the materiality of sustainable development and providing training to enhance their relevant skills and knowledge. To promote green office operations, the Group adopted the following measures during the Reporting Year:

- Used designated areas to collect used papers, plastic bottles and cans for recycling;
- Placed paper saving signs besides the desktop of every employee;
- Advocated and accelerated paperless office, promoted paperless meetings, electronic documents and emails for work, revised documents electronically, and made use of e-signature;
- Used double-sided printing or photocopying whenever possible;
- Recycled or reused single-sided documents for printing or as draft paper;
- Encouraged employees to use mugs, glasses, dishes, and cutlery rather than disposables;
- Recycled old computers and other equipment namely monitors, hard drives and printer cartridges, etc.;
- Specially assigned a staff to manage office supplies with a strict management system; and
- Regularly checked and maintained office equipment to extend its lifetime.

	Non-hazardous Waste Disposal Amount and Intensity			
	Quantity – tonnes		**Intensity – tonnes per employee**	
	2022	2021	**2022**	2021
General waste	**481.8**	495.6	**0.9**	1.0
Paper	**1.7**	1.7	**0.003**	0.003
Total non-hazardous waste	**483.5**	497.3	**0.91**	1.0

It is worth noting that both hazardous and non-hazardous waste were remarkably reduced during the Reporting Year, mainly attributable to the Group's seamless effort in waste management. The Group set a 5-year target to achieve a gradual reduction in hazardous and non-hazardous waste generation in 2021. To meet such target, the Group will continue to enhance staff awareness on the issues with more promotions across offices. Furthermore, the Group will review its target on an on-going basis and regularly evaluate the current waste management and disposal procedures.

5. *Use of Packaging Materials*

Due to the Group's business nature, the Group's operations did not involve significant use of packaging materials during the Reporting Year.

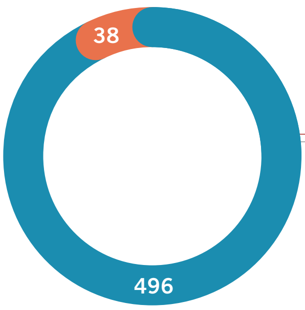
Employment and Labour Practices

Recruitment and Promotion

The Group is well aware that high-quality workforce is the cornerstone for the sound development of an enterprise. The Group endeavours to build a talent team according to its own business development needs, as well as to improve the management and professional level of staff, in hopes of enhancing the Group's competitiveness in the industry in terms of operation and management capabilities. The Group proactively recruits talents through certain channels, including job websites, job fairs, headhunting companies and campus recruitment, etc. When recruiting, the educational background, experience, skills and professional qualifications of candidates are considered against the job requirements. With the adoption of the Gender Diversity Plan during the Reporting Year, the Group is committed to increasing female members over time when employing staff and officers, where appropriate, and achieving a good balanced gender ratio in its workforce (in particular, for the non-labour extensive workforce). To attract and retain valuable human resources, the Group provides competitive remuneration and employee benefits, establishes a well-developed talent training system, and maintains a multi-channel and interactive communication mechanism across all levels of the Group. The Group ensures the basic human rights of employees are well respected and prevents human rights violations through offering equal promotion opportunities for all employees.

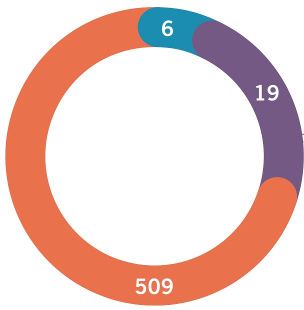
As of 31 December 2022, the Group had a competent team of 534 employees (local and foreign workers) supporting its business operations. Specific division is as follows:

	Categories	**2022 Number**	2021 Number
Gender	Male	496	483
	Female	38	34
Employment Category	Executive Directors and Senior Management	6	8
	Management	19	13
	General staff	509	496
Age Group	Below 30	127	124
	30-50	329	309
	Above 50	78	84
Geographical Region	Singapore	534	515
	Foreign	0	2
Employee Type	Full time	534	517
	Part time	0	0



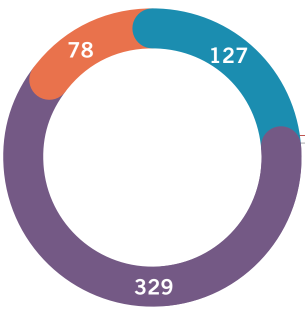
Number of Staffs by Gender

- Male
- Female



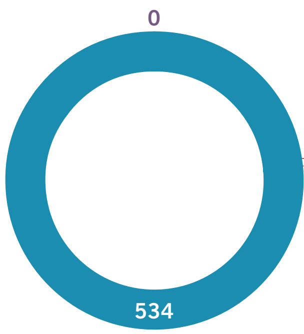
Number of Staffs by Employment Category

- Executive Directors and Senior Management
- Management
- General staff



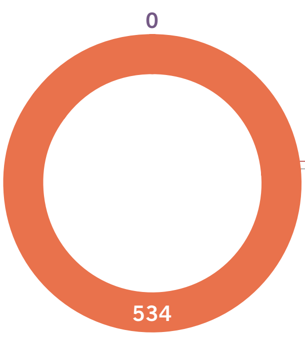
Number of Staffs by Age Group

- Below 30
- 30-50
- Above 50



Number of Staffs by Geographical Region

- Singapore
- Foreign



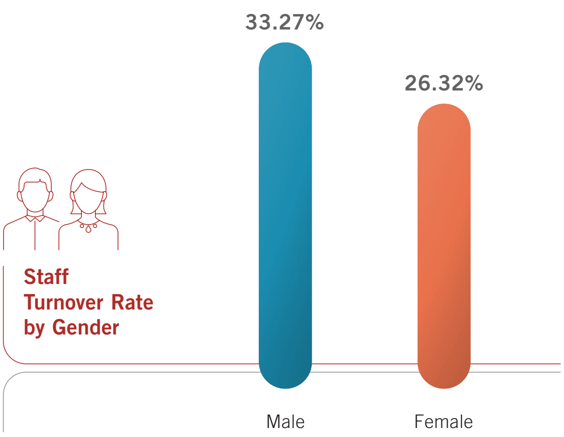
Number of Staffs by Employee Type

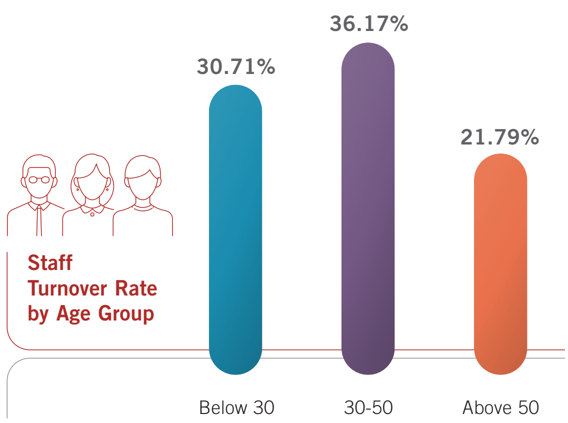
- Full time
- Part time

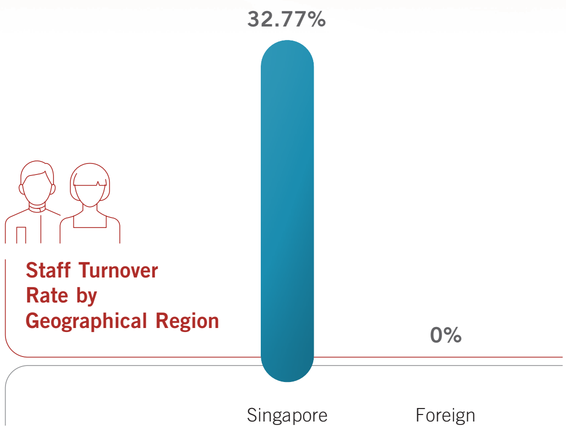
The Group managed to maintain the turnover rate at a reasonable and stable level. During the Reporting Year, the overall turnover rate of employees of the Group was approximately 32.77%*, primarily because many foreign workers returned to their own countries to reunite with their families upon the easing of COVID-19 restrictions and canceled their work permits before their departure from Singapore. They subsequently rejoined the Group upon their return. A detailed breakdown of the Group's staff turnover rate for the Year by gender, age group, geographical region, being local (Singaporeans and Singapore permanent residents) and foreign employees, and employee type are set forth below:

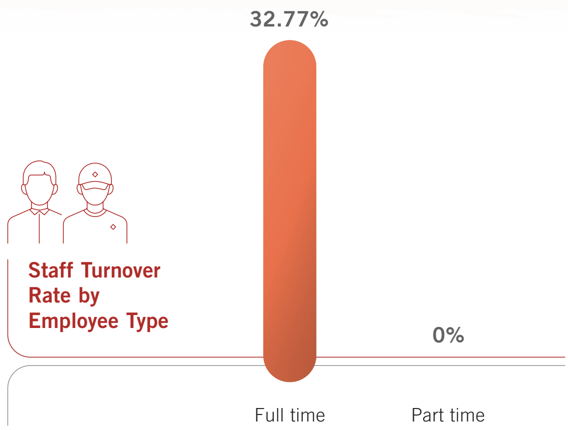
		2022	
	Categories	**Number**	**Percentage***
Gender	Male	165	33.27%
	Female	10	26.32%
Age Group	Below 30	39	30.71%
	30-50	119	36.17%
	Above 50	17	21.79%
Geographical Region	Singapore	175	32.77%
	Foreign	0	0%
Employee Type	Full time	175	32.77%
	Part time	0	0%

*Note: Turnover rate by category is calculated by number of employees in the specified category leaving employment/number of employees in the specified category x 100.









Employee Welfare and Working Condition

The Group is well aware that attracting and developing talent is the key to the Group's prosperity and development. The Group is committed to safeguarding the benefits of employees and is willing to share the fruitful results with them, as well as making unwavering efforts to establish a promising work environment which provides opportunities for all employees to showcase their talents and grow with the Group. Apart from aligning with the local employment laws, the Group has formulated mature human resources management policies and systems, which are implemented by its human resources department. Employees have been offered highly competitive remuneration packages and benefits, such as discretionary annual performance bonus, paid annual leave, wedding leave, examination leave, insurance, personal accident insurance and flexible working hours. Meanwhile, the Group regularly reviews the remuneration and welfare system to sharpen its competitiveness in the market.

To create a sound and harmonious working environment, the Group has stepped up efforts to ensure that its workplace is free from any prejudice or discrimination. In strict accordance with its people-oriented approach, the Group resolutely opposes and prohibits any discrimination based on gender, ethnicity, region, belief, sexual orientation, among others. It also strives to foster communications with its staff, build mutual trust and boost the sense of belonging through multi-pronged means namely organisational team building and employee care activities. During the Reporting Year, the Group was not aware of any case of non-compliance with relevant laws and regulations that had a significant impact on the Group in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination or other benefits and welfare.

The Group also pays attention to its employees' physical and mental health, and encourages its employees to practise a healthy work-life balance. During the Reporting Year, with the pandemic situation becoming less severe, the Group organised staff and team-building activities while maintaining a high degree of vigilance and adopting all necessary precautionary measures to safeguard the employees' health. These included festive gatherings, celebration dinners and team building events:

Celebration event was organised to express gratitude and appreciation to a long-serving management who retired during the Reporting Year.

Christmas party was organised to celebrate the festive season and strengthen team spirit.

Chinese New Year gathering was arranged to celebrate the festive season and foster departmental cohesion.

Company annual dinner was resumed to boost employee morale and validate their contribution to the Group during the Reporting Year.

Team building activities were arranged to build trust and facilitate teamwork amongst each other.

Retirement Scheme

The Group's employees employed in the country who are Singapore citizens or permanent residents are required to join the CPF Scheme, a mandatory social security savings scheme funded by contributions from employers and employees.

As stipulated by the relevant regulations, the Group contributes to the CPF Scheme based on certain percentages of the relevant monthly salaries of employees, subject to a certain ceiling. During the Reporting Year, the Group contributed up to 17% of the eligible employees' salaries pursuant 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$703,000 for the Reporting Year, represent the CPF contributions paid by the Group. The Group did not participate in any other pension schemes during the Reporting Year.

Training and Development

Employees' professional development is vital to strengthening the Group's core competence, hence the Group always pays attention to the cultivation of internal talents and enhancement of its employees' professional skills and competitiveness. The Group offers numerous trainings and development opportunities for different levels of employees, including professional workshops and seminars where experts can share their experience and knowledge. A wide range of training courses covering topics including but not limited to anti-corruption, industry practice, knowledge and safety standards is provided to the employees, aiming to strengthen their industrial and technical know-how for discharging duties at work while strictly complying with all relevant laws and regulations. All newly joined employees are required to attend professional trainings through internet classes to understand the Group's management and control systems and technical requirements.

During the Reporting Year, nearly 3,720 hours of training were provided to employees to strengthen their awareness on various topics, mainly on operation and safety issues.

The Group also encourages and subsidises eligible employees to undergo self-learning through pursuing degree-based academic education, attending various professional training courses and signing up for professional qualification examinations so as to acquire professional qualification, as well as promoting personal development. For example, certain employees are sponsored to attend external training courses, namely first aid course, application of workplace safety and health in construction sites course and registered earthwork supervisor course.

Categories		Percentage of employees trained (%)[1]	Average training hours per employee (hours)[2]
By Gender	Male	99.48%	7.47
	Female	0.52%	0.42
By Employment Category	Executive Directors and Senior Management	2.06%	14.3
	Management	3.61%	5.89
	General staff	94.33%	6.92
By Geographical Region	Singapore	100%	6.97
	Foreign	0%	0.00
By Working Location	Office	10.31%	3.60
	On-site	89.69%	7.69

Notes:

(1) Percentage of employees trained in relevant categories is calculated by number of employees trained in the specified category/total number of employees who took part in training x 100.

(2) Average training hours per employee in relevant categories is calculated by total number of training hours for employees in the specified category/number of employees in the specified category.

In 2022, the Group demonstrated productive training efforts:

Total number of trained employees

194

Average training hours per employee

6.97 HOURS

Total training hours completed by employees

3,720 HOURS

Employees' Health and Occupational Safety

The Group considers the safety of staff as its top priority. Recognising that construction is a high risk industry in terms of occupational health and safety, the Group is committed to providing a safe, healthy and pleasant working environment to employees. In addition to equipping its construction sites and offices with adequate equipment and facilities to ensure safety and convenience to employees, the Group's health and safety policies have been regularly updated and are made available to all employees, contractors and tenants. They serve to guide the Group's actions and ensure compliance with all applicable laws and regulations.

The Group also ensures that the environment where it provide its services has strictly followed the relevant laws and regulations of Singapore, namely the Employment Act 1968 (the "**Employment Act**") and Workplace Safety and Health (Noise) Regulations 2011 in formulating measures to ensure that its employees work in a safe, healthy and sound environment. In doing so, the Group appoints 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 manuals. Since there are machineries and equipment in the construction sites, employees will be more prone to accidents. During the Reporting Year, the Group increased the number of safety training hours for workers and drivers, striving to improve their safety awareness.

Besides, the Group regularly performs testing and maintenance of the plant and equipment to ensure their safe and effective operations, as well as to ensure that all construction works are carried out in accordance with the relevant health and safety standards in construction. The Group also provides its employees with proper personal protective equipment ("**PPE**"), such as safety helmets, safety goggles, safety shoes and reflective clothing, to prevent potential work-related accidents, aiming to reduce the impact of occupational hazards on the health of the employees at relevant posts.

During the Reporting Year, the Group was not aware of any case of non-compliance with relevant laws and regulations that had a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.

No work-related fatality happened during the past three consecutive years.

	Unit	2022	2021	2020
Fatalities due to work	Cases	0	0	0

	Unit	2022
Lost days due to work injury	Days	756
Work injury rate*	%	0.54%

*Note: Work injury rate is calculated by number of lost days due to work injury/(number of employees x 22 x 12 (working days)) x 100.

The Group has subscribed employees' compensation insurance for all employees, and it has covered the compensation required due to work-related injury.

The COVID-19 crisis has had devastating socio-economic consequences globally. The Group continued to pay close attention to the latest development of COVID-19 and regularly updated workers on the latest information during the Year. Several precautionary initiatives continued to be carried out in construction sites and offices to minimise the impact of pandemic, such as setting up an electronic health declaration platform to facilitate management personnel, spraying nano-coatings in the construction sites and offices, and deploying air purifiers with a high-efficiency air particle screening program or oxygen polymerisation air treatment technology. The Group also 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 were carried out every morning, at the same time rapid antigent test ("**RAT**") kits were provided to the staff for conducting COVID-19 self-checking.

In 2022, given that some pandemic-related restrictions were loosened in Singapore, the Group's business activities gradually returned to normal. Therefore, the Group devoted more efforts in helping employees adapt to the "new normal" and return to workplaces.

The measures adopted to minimise the risk of COVID-19 outbreak in construction sites and offices are outlined below:

COVID-19 RAT kits were distributed to employees regularly.

Mandatory body temperature check was conducted in the entrances of the Group's construction sites and offices.

Cleaning and disinfecting were conducted in the Group's construction sites and offices regularly to maintain a hygienic and safe working environment.

Sufficient PPE such as surgical masks were distributed to employees.

Labour Standards

Employment of child labour and forced labour is expressly and strictly forbidden. The Group strictly adheres to the Employment Act and Singapore's Employment (Children and Young Persons) Regulations 2000 and has established appropriate procedures in the recruitment process, including the examination of candidates' identity cards and other supporting documents to prevent wrongful recruitment of child labour and illegal labour.

The Group also confirms the willingness of candidates to work in order to eliminate forced labour. 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. If any employee is identified as child labour, illegal labour or forced labour by the Group, it would terminate his/her contract immediately and report to the relevant regulatory authorities. Besides, the Group regularly assesses its risk management and internal control systems to ensure that effective measures have been adopted to avoid employment risks such as child labour, illegal labour and forced labour.

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

Well-being of Employees

The Group also focuses on supporting employees' well-being, particularly mental health, following years of flux and change. Medical and health benefits such as hospitalisation and surgical, work-related accident and medical insurance, subsidies or tissue examinations are provided. Helping its staff achieve a healthy work-life balance, employees are encouraged to develop healthy lifestyles, such as physical exercise to relieve stress at work. Older workers working at construction sites, who are reminded to take good care of their health, are also encouraged to conduct simple physical examinations regularly, such as blood pressure measurements and blood tests, etc.

During the Reporting Year, the Group actively introduced workshops to provide employees with mental health screening services, helping them better understand their own mental health status and learn about suitable problem-solving methods. To arouse employees' attention on their own mental health, hotline service, healing activities and crisis intervention were offered.

Operational Practices

Supply Chain Management

With the aim of managing the environmental and social risks of the supply chain effectively, the Group has built a sophisticated tendering and procurement management mechanism that covers the entire life cycle of supplier, from pooling, selection, performance evaluation and sustainable procurement. The regular assessments and strict selection mechanism help the Group identify and monitor the environmental and social risks along the supply chain. Continuous efforts have been made to optimise the system. In procuring materials, services and equipment, apart from firmly refusing bribe and commission on sales, the Group ensures all suppliers and subcontractors are fairly and equally treated, and at the same time, to acquire goods and services at the best possible value.

The Group has established a long-term business relationship with the suppliers and subcontractors. As of 31 December 2022, the Group had a total of 656 suppliers and subcontractors from Singapore. The Group was not aware of any key supplier that had any action or practice which had a significant negative impact on business ethics, environmental protection, human rights and labour practices.

Supplier Selection

The Group strives to review and control the entire supplier or subcontractor selection process and to minimise adverse implications of its operations on society and the environment.

The Group performs assessments on all its suppliers and subcontractors prior to engagement and inclusion in the Group's approved vendor list. The selection of suppliers and subcontractors is based on, amongst others, their quality, services, background, business ethics, reputation and occupational health and safety performance. Social responsibility of the suppliers is also considered, in hopes of reducing the social risks of the supply chain. To promote sustainable development, the Group continues to engage more environmental-friendly suppliers and subcontractors who have incorporated the concept of green supply chain management into business operations.

To maintain supply chain stability, the Group engages more than one supplier for each project and obtains at least two quotes for each tender.

Performance Evaluation

The Management conducts annual assessments and ratings of suppliers on various aspects, namely quality, material delivery and arrangement, business management, as well as environmental, health and safety performance. Onsite inspections may be conducted to monitor the suppliers' or subcontractors' business practices closely and assess whether any material non-compliance happens, whilst prompt action will be carried out to remediate any identified risk. The regular evaluation helps to identify the suppliers who fail to meet the Group's standards, and blacklist the suppliers with major dishonesty in accordance with prescribed procedures from the Group's approved vendor list.

Sustainable Procurement

Collaborating with suitable suppliers is not only vital to the reduction of emissions, but also critical for the Group's mission of achieving net-zero emissions and demonstrating best practices in ESG. Therefore, the Group prefers choosing suppliers who have set out clear sustainability values, been awarded with sustainability certificates (such as ISO 9001) or awards, adopted sustainability systems or quality management systems, and included environmental factors into consideration, so that the Group can ensure that its suppliers can meet specific environmental protection standards. The Group inspects and engages third party inspection providers to determine the quality, health, and environmental risks of the raw materials provided by key suppliers, and prompt action will be carried out to remediate any identified risk.

Product Management and Safety

Product Management

To safeguard product quality, the Group has established a product quality control system based on the customers' demand, enhancing and implementing the quality foundation of standardised products. The Group optimises the research and development chain and unifies the consciousness and standards to escort for the birth and promotion of high-quality products. The Group firmly 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 Reporting Year, the Group began to adopt Global Navigation Satellite System, which the excavator uses a Global Positioning System signal to automatically adjust blade movements, both lift and tilt. The system applied helps to save time, improve accuracy and overall productivity up to 50% compared to traditional machine, meanwhile enhancing the product quality.

To strive for a steady improvement of its quality management, the Group continues to enhance the quality assurance, refine the monitoring process, constantly implement the standardisation and reliability of the quality, and optimise the quality management measures. Furthermore, the Group has put in place a customer complaint handling mechanism to receive, analyse and study the complaint cases (if any), and to make recommendations on remedial actions.

During the Reporting Year, the Group was not aware of any incident of non-compliance with relevant laws and regulations, including but not limited to Personal Data Protection Act 2012, laws of Singapore, 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. Meanwhile, the Group did not receive any material complaint in relation to the quality of the contractor works of its construction projects nor was there any product recalled due to health and safety reasons.

Product Safety

The Group places great emphasis on the safety, refinement and intelligence of projects. It undergoes testing and inspection in different stages of the construction projects, and run tests in accordance with the relevant contractual provisions upon completion of projects. Non-conformance to the specifications shall require rework or repair which will be subject to re-inspection before proceeding to the next stage of work or handover. This can ensure that the Group's products meet all safety standards before arranging handover to clients, while all control levels are in accordance with project specifications for its earthwork projects and quality of the finishes (such as paint, plaster or tiling works) with no visual defect, for instance, misalignment, discolouration, stain or water mark for its general construction works. All inspection records are properly filed.

Customer Information and Intellectual Property

Customer Information

Nowadays, the use of information technology in business operations continues to grow. Taking into consideration that remote working has become a new norm during the pandemic, the risk of information leakage has increased accordingly. The Group stands by the confidentiality clause in the signed contract with the customers, at the same time complying with the privacy policy regarding personal data to protect the customer data. In order to guarantee the security of customer information throughout the whole chain, the Group has established solid protection measures for information acquisition, use, storage and exchange, and shall review and revise the same as and when appropriate.

Besides, the Group continues to boost the awareness and capability of internal staff on information protection, and minimise the risk of information security occurring from the staff through offering training related to customer information security and privacy protection for all staff. The Group provides sufficient guidance to its staff on how to collect, process and use the customers' personal and confidential information, and makes sure that no customer information would be provided to the third parties unless authorisation from the customers has been obtained.

During the Reporting Year, as in the previous reporting periods, the Group did not receive any material written complaint regarding data privacy issue from its customers.

Intellectual Property

The Group fully respects intellectual property rights and has established a sound intellectual property rights protection mechanism to avoid the risk of infringement. In strict accordance with relevant laws and regulations, the Group's employees are prohibited from using unlicensed computer software on their computers at the workplace. The Group also shows its respect to intellectual property rights by requiring its suppliers to comply with the relevant laws and regulations to ensure confidentiality and integrity.

To safeguard intellectual property rights, the Group has registered the trademark of "Chuan Holdings Limited" 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 the registrant of the domain name www.chuanholdings.com and has renewed the registration which will expire on 28 January 2024. The Group will monitor and keep track of the validity of the trademarks and domain name, and shall take the necessary actions to protect its intellectual property rights.

During the Reporting Year, as in the previous reporting periods, there was no complaint or allegation received on intellectual property rights infringement.

Anti-corruption

Integrity is an important topic in the corporate culture of the Group, and it always highly values fairness and honesty in business operations. The Group is committed to upholding high standards of governance and ethics and fighting all forms of corruption, namely bribery, extortion, fraud and money laundering. The Group's employee handbook clearly sets out a code of conduct that prohibits employees from using their authority to solicit or accept benefits.

To prevent any negative social impact associated with corruption, the Group actively implements anti-corruption practices, for instance, organising integrity promotion activities, such as showcasing anti-corruption videos with case studies and arranging seminars which target to raise the awareness of anti-corruption. The Group regularly invites Corrupt Practices Investigation Bureau of Singapore to provide new employees with a talk on corruption prevention with focus on the construction industry. During the Reporting Year, the Group continued to provide the related training online due to the pandemic. The Company also arranged a training for the Directors on anti-corruption practices to raise their awareness.

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 approximately 30 minutes, upon joining the Group.

Pursuant to the Anti-Corruption Policy, 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 businesses. To facilitate the identification of suspected cases of corruption, money laundering and other misconducts, the Group has developed and updated the Whistleblowing Policy which encourages disclosure of relevant information via a confidential reporting channel. The Group is committed to handling the suspected violation reports with due care, and to conducting, through the chief financial officer of or a suitable investigation officer with suitable seniority at the Company or a special committee, a serious detailed investigation in a confidential and timely manner. Suspected violations will be referred to local law enforcement departments for follow-up investigation.

The Audit Committee shall regularly review the Anti-Corruption Policy and the Whistleblowing Policy and make appropriate revision, where necessary, to improve its effectiveness.

During the Reporting Year, the Group was not aware of any case of non-compliance with relevant laws and regulations that had a significant impact on the Group in relation to bribery, extortion, fraud or money laundering.

Commitment to Society

Donations and Sponsorship

The Group focuses on engagement in community empowerment and makes contributions in health, education, environment, sports and culture areas 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 made cash/product donation and cash sponsorship to charitable and non-profitable organisations, such as Jurong Spring Citizens' Consultative Committee, Volleyball Singapore, Housing & Development Board Staff Union, Joo Chiat Citizens' Consultative Committee, Nee Soon South Citizens' Consultative Committee, National University of Singapore, Lian Shan Shuang Lin Monastery, UOB Golf Challenge, National Council of Social Service, Tai Guan Ong See Association, Man Fut Tong Nursing Home, Boon Lay Citizens' Consultative Committee and Singapore Thong Chai Medical Institution, and contributed S$80,765 for the aforementioned causes.

Contribution to Communities

Committed to building a harmonious community atmosphere, the Group listens to community residents' needs and solves their problems. The Group leverages the Green Sustainability Project to provide community-based public welfare activities and voluntary services. Upholding the principle of "Think Green; Go Green", the Green Sustainability Project aims at promoting the social responsibility and recycling practices of the Group.

Recognising the importance of good relationships and fostering positive changes in the community, the Group devotes to fulfill its corporate social responsibility and encourages its employees to give back to society through supporting and contributing to extensive charitable programmes. During the Reporting Year, under the Green Sustainability Project, the Group continued to organise activities and provide continuous care across the country, such as, visiting charity nursing home and organising neighbourhood clean-up day.

Looking ahead, the Group will continue to make contributions to public welfare and community development by involving itself in charitable donations, community services and other charitable causes to enhance positive interaction between the Group and the community, thereby facilitating social development, as well as a better life for people.

Colleagues sent gifts and warm greetings during nursing home visits.

Local beach clean-up campaign was organised, engaging staff to remove trash from beaches and waterways.

STOCK EXCHANGE ESG GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
A. Environment		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental-friendly Operation Policy and Energy and Carbon Emission Management
KPI A1.1	The types of emissions and respective emissions data.	Energy and Carbon Emission Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and intensity.	Energy and Carbon Emission Management
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Energy and Carbon Emission Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Energy Saving Management Implementation
KPI A2.2	Water consumption in total and intensity.	Water Resources Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Saving Management Implementation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Resources Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Packaging Materials

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental-friendly Operation Policy
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental-friendly Operation Policy and Green Operations
Aspect A4：Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Tackling Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Tackling Climate Change
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Recruitment and Promotion, Employee Welfare and Working Condition, Retirement Scheme and Well-being of Employees
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Recruitment and Promotion
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Recruitment and Promotion

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employees' Health and Occupational Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	Employees' Health and Occupational Safety
KPI B2.2	Lost days due to work injury.	Employees' Health and Occupational Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employees' Health and Occupational Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category.	Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Management and Safety
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Management and Safety
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Management and Safety
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer Information and Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	Product Management and Safety
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Information and Intellectual Property

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Commitment to Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Commitment to Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Commitment to Society

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 2022, 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 2022 and of the consolidated financial performance, the consolidated changes in equity and the consolidated cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards (the "**IFRSs**") as issued by the International Accounting Standards Board (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**") as 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 other terms that may impose penalties by the customers;

- 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 progress 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 2022, the Group has investments in debt instruments on property development projects amounting to approximately S$6.4 million (2021: 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 and expected rate of return used for the projects by performing sensitivity analysis. 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 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

30 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 S$'000	2021 S$'000
Revenue	5	**88,605**	85,416
Cost of sales		**(82,407)**	(81,079)
Gross profit		**6,198**	4,337
Other income and gains	5	**2,598**	3,780
Administrative and other operating expenses		**(6,423)**	(5,835)
Other expenses		**(309)**	(6)
Finance costs	6	**(213)**	(439)
Share of results of associates		**585**	10
Profit before income tax	7	**2,436**	1,847
Income tax expense	9	**(713)**	(347)
Net profit attributable to owners of the Company		**1,723**	1,500
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income ("**FVOCI**")			
– Fair value gains/(losses)		**470**	(44)
Other comprehensive income/(loss), net of tax		**470**	(44)
Total comprehensive income for the year attributable to owners of the Company		**2,193**	1,456
Basic earnings per share (cents)	11	**0.17**	0.14
Diluted earnings per share (cents)	11	**0.15**	0.13

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 S$'000	2021 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*12*	**11,020**	15,217
Investment property	*13*	**1,286**	1,298
Investment in associates	*14*	**9,924**	7,587
Other assets	*15*	**365**	369
Deposits, prepayments and other receivables	*19*	**140**	138
Financial assets at fair value through profit or loss ("**FVTPL**")	*16*	**7,784**	7,104
Financial assets at FVOCI	*16*	**1,394**	925
Financial assets at amortised cost	*16*	**250**	250
Deferred tax assets	*9*	**228**	411
Total non-current assets		**32,481**	33,299
Current assets			
Contract assets	*17*	**28,020**	24,096
Trade receivables	*18*	**21,852**	18,736
Deposits, prepayments and other receivables	*19*	**3,460**	2,919
Pledged deposits	*20*	**1,281**	1,276
Cash and cash equivalents	*20*	**23,441**	31,514
Total current assets		**78,054**	78,541
Total assets		**110,535**	111,840
Current liabilities			
Contract liabilities	*17*	**2,295**	2,822
Trade payables	*21*	**6,893**	7,105
Other payables, accruals and deposits received	*22*	**4,878**	3,974
Borrowings	*23*	**1,252**	1,227
Lease liabilities	*24(b)*	**2,820**	4,473
Income tax payable		**529**	–
Total current liabilities		**18,667**	19,601
Net current assets		**59,387**	58,940
Total assets less current liabilities		**91,868**	92,239

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 S$'000	2021 S$'000
Non-current liabilities			
Other payables, accruals and deposits received	*22*	**6**	7
Borrowings	*23*	**1,817**	3,069
Lease liabilities	*24(b)*	**1,262**	2,656
Total non-current liabilities		**3,085**	5,732
Total liabilities		**21,752**	25,333
Net assets		**88,783**	86,507
EQUITY			
Equity attributable to owners of the Company			
Share capital	*25*	**1,767**	1,767
Share premium	*25*	**27,250**	27,250
Reserves	*25*	**59,766**	57,490
Total equity		**88,783**	86,507

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	Fair value reserve* S$'000	Retained profits* S$'000	Total S$'000
At 1 January 2021	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)/income 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
At 1 January 2022	1,767	27,250	5,166	521	(618)	52,421	86,507
Profit for the year	–	–	–	–	–	1,723	1,723
Other comprehensive income:							
Changes in fair value of financial assets at FVOCI	–	–	–	–	470	–	470
Total comprehensive income for the year	–	–	–	–	470	1,723	2,193
Equity-settled share option arrangements (Note 32)	–	–	–	83	–	–	83
At 31 December 2022	1,767	27,250	5,166	604	(148)	54,144	88,783

* *These reserve accounts comprise the consolidated reserves of S$59,766,000 (2021: S$57,490,000) in the consolidated statement of financial position as at 31 December 2022.*

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 2022

	2022 S$'000	2021 S$'000
Cash flows from operating activities		
Profit before income tax	**2,436**	1,847
Adjustments for:		
Interest income	**(57)**	(47)
Interest expense	**213**	439
Dividend income from financial assets at FVOCI	**(46)**	(28)
Depreciation of property, plant and equipment	**7,342**	9,217
Depreciation of investment property	**12**	12
Gain on disposals of property, plant and equipment	**(202)**	(467)
Write-off of lease liabilities	**(68)**	–
Gain on re-measurement of lease liabilities	**–**	(13)
Provision for/(reversal of) for ECL on contract assets	**289**	(213)
Reversal of ECL on trade receivables, net	**(293)**	(51)
Impairment on other assets	**4**	(2)
Fair value gain from financial assets at FVTPL	**(247)**	(422)
Gain on settlement of financial assets at FVTPL	**(96)**	–
Share of results of associates	**(585)**	(10)
Equity-settled share option expense	**83**	361
Operating cash flows before changes in working capital	**8,785**	10,623
(Increase)/decrease in contract assets	**(4,213)**	4,802
Increase in trade receivables	**(2,823)**	(6,134)
(Increase)/decrease in deposits, prepayments and other receivables	**(527)**	715
Decrease in contract liabilities	**(527)**	(1,494)
Decrease in trade payables	**(212)**	(4,192)
Increase in other payables, accruals and deposits received	**659**	1,440
Cash flows from operations	**1,142**	5,760
Income tax paid, net	**–**	(136)
Net cash flows generated from operating activities	**1,142**	5,624

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

	2022 S$'000	2021 S$'000
Cash flows from investing activities		
Proceeds from disposals of property, plant and equipment	**460**	638
Purchase of property, plant and equipment	**(1,662)**	(4,069)
Purchase of financial assets at FVTPL	**(1,337)**	(5,299)
Proceeds from redemption of financial assets at amortised costs	**–**	1,480
Proceeds from settlement of financial assets at FVTPL	**910**	–
Purchase of financial assets at FVOCI	**–**	(300)
Investment in associates	**(1,752)**	(7,577)
Interest received	**41**	32
Dividend received	**46**	28
Net cash flows used in investing activities	**(3,294)**	(15,067)
Cash flows from financing activities		
Interest portion of the lease liabilities	**(139)**	(343)
Principal portion of the lease liabilities	**(4,476)**	(6,866)
Repayment of borrowings	**(1,227)**	(704)
(Increase)/decrease in pledged deposits secured against banking facilities	**(5)**	2,116
Interest paid	**(74)**	(96)
Net cash flows used in financing activities	**(5,921)**	(5,893)
Net decrease in cash and cash equivalents	**(8,073)**	(15,336)
Cash and cash equivalents at beginning of financial year	**31,514**	46,238
Effect of foreign exchange rate changes, net	**–**	612
Cash and cash equivalents at end of financial year (Note 20)	**23,441**	31,514

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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**") as issued by the International Accounting Standards Board (the "**IASB**") and the disclosures requirement of the Hong Kong Companies Ordinance.

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$**"), which is the Company's functional currency and all values are rounded to the nearest thousand ("**SGD'000**" or "**S$'000**"), except where otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group 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.

Profit or loss and each component of other comprehensive income are attributed to the 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1: *Classification of Liabilities as Current or Non-Current*	1 January 2024
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.

2.4 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Investment in associates (Continued)

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.

2.5 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)

2.6 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)

2.6 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.

2.7 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.

2.8 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)

2.9 Financial assets

(a) Classification and measurement

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

(a) Classification and measurement (Continued)

At subsequent measurement (Continued)

(i) Debt instruments (Continued)

- 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".

- 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".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

(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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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.

2.11 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, unless the Group has the option to acquire the right-of-use assets at the end of the lease term. In this case, the right-of-use assets will be subsequently depreciated using the straight-line method from the commencement date to the end of useful life of the assets.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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)

2.11 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.

2.12 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)

2.13 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.

2.14 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.

2.15 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)

2.16 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.

2.17 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)

2.17 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)

2.17 Revenue recognition (Continued)

(b) Rental income

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

(c) 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.

(d) Dividend income

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

2.18 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.

2.19 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)

2.20 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.

2.21 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.

2.22 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.

2.23 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)

2.23 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 FVTPL. 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 2022 and 31 December 2021. 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
2022			
Revenue from external customers	80,179	8,426	88,605
Reconciliation:			
Reportable segment results	5,732	601	6,333
Unallocated other income and gains			2,010
Corporate and other unallocated expenses			(6,418)
Interest on borrowings			(74)
Share of results of associates			585
Profit before income tax			2,436

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

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: (Continued)

	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

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:

	2022 S$'000	2021 S$'000
Earthworks and ancillary services	**51,775**	49,433
General construction works	**8,760**	8,790
Total	**60,535**	58,223
Additions to non-current segment assets:		
Earthworks and ancillary services	**3,259**	5,908

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:

	2022 **S$'000**	2021 S$'000
Reportable segment assets	**60,535**	58,223
Unallocated property, plant and equipment	**254**	393
Unallocated right-of-use assets	**202**	226
Financial assets at FVTPL	**7,874**	7,104
Financial assets at amortised cost	**250**	250
Financial assets at FVOCI	**1,394**	925
Investment property	**1,286**	1,298
Other assets	**365**	369
Deferred tax assets	**228**	411
Pledged deposits	**1,281**	1,276
Cash and cash equivalents	**23,441**	31,514
Investment in associates	**9,924**	7,587
Corporate and other unallocated assets	**3,501**	2,264
Group assets	**110,535**	111,840

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:

	2022 **S$'000**	2021 S$'000
Earthworks and ancillary services	**11,849**	15,652
General construction works	**1,210**	1,225
Total	**13,059**	16,877

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:

	2022 **S$'000**	2021 S$'000
Reportable segment liabilities	**13,059**	16,877
Borrowings	**3,069**	4,296
Corporate and other unallocated liabilities	**5,624**	4,160
Group liabilities	**21,752**	25,333

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
2022				
Gain on disposals of property, plant and equipment	202	–	–	202
Write-off of lease liabilities	68	–	–	68
Fair value gain on financial assets at FVTPL	–	–	247	247
Depreciation of property, plant and equipment	7,066	–	276	7,342
Bad debts recovered	236	82	–	318
Provision for ECL on contract assets	270	19	–	289
Provision for/(reversal of) ECL on trade receivables	56	(31)	–	25
Finance costs	139	–	74	213
Interest income	–	–	57	57
Share of results of associates	–	–	585	585
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

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:

	2022 **S$'000**	2021 S$'000
Customer A – attributable to Earthworks and ancillary services	**15,711**	18,214
Customer B – attributable to Earthworks and ancillary services	**N/A**	9,105

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	
	2022 **S$'000**	2021 S$'000
Revenue from contracts with customer and recognised over time:		
Earthworks and ancillary services	**80,179**	71,438
General construction works	**8,426**	13,978
	88,605	85,416

Earthworks and ancillary services include revenue of S$73,298,000 (2021: S$66,105,000) from earthworks and S$6,881,000 (2021: S$5,333,000) from earthworks ancillary services.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

b) Transaction price allocated to remaining performance obligations

As at 31 December 2022, the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) in relation to project works are S$230,473,000 (2021: S$228,269,000). 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:

	2022 **S$'000**	2021 S$'000
Other income		
Management service income	**417**	292
Interest income from financial assets at amortised cost	**57**	47
Bad debts recovered *(Note 18)*	**318**	271
Rental income from investment property	**111**	112
Dividend income from financial assets at FVOCI	**46**	28
Sales of scrap materials and consumables	**421**	262
Government grants	**597**	1,315
Others	**18**	6
	1,985	2,333
Gains		
Gain on disposals of property, plant and equipment	**202**	467
Write-off of lease liabilities	**68**	–
Gain on re-measurement of lease liabilities	**–**	13
Gain on settlement of financial assets at FVTPL	**96**	–
Fair value gain from financial assets at FVTPL	**247**	422
Net foreign exchange gain	**–**	545
	613	1,447
Total	**2,598**	3,780

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 2022 are S$505,000 (2021: S$574,000) of Foreign Worker Levy rebates and Nil (2021: S$416,000) of Job Support Scheme ("**JSS**"). 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 is 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

	2022 S$'000	2021 S$'000
Interest expenses from financial liabilities at amortised cost:		
– Interest on lease liabilities	**139**	343
– Interest on borrowings wholly repayable within five years	**74**	96
	213	439

7. PROFIT BEFORE INCOME TAX

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

	Note	2022 S$'000	2021 S$'000
Auditor's remuneration		**185**	190
Depreciation of property, plant and equipment *(Note 12)*	(i)	**7,342**	9,217
Depreciation of investment property *(Note 13)*	(ii)	**12**	12
Direct operating expenses arising from investment property that generated rental income		**17**	17
Net foreign exchange loss/(gain)		**9**	(545)
Employee benefit expenses (including directors' remuneration *(Note 8)*):			
– Salaries, wages and bonuses		**18,538**	17,653
– Equity-settled share option expenses		**83**	361
– Defined contribution retirement plan		**703**	664
– Other short-term benefits		**3,098**	2,760
Provision for/(reversal of) ECL on contract assets *(Note 17)*		**289**	(213)
Provision for ECL on trade receivables *(Note 18)*		**25**	203
Impairment on other assets *(Note 15)*		**4**	(2)
Fair value gain from financial assets at FVTPL		**(247)**	(422)

Notes:

(i) Depreciation of property, plant and equipment amounted to S$7,070,000 (2021: S$8,933,000) has been included in direct costs and S$272,000 (2021: S$284,000) 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
2022						
Executive directors:						
Mr. Lim Kui Teng ("**Mr. Alan Lim**")	–	1,003	–	–	12	1,015
Mr. Lau Yan Hong ("**Mr. Dicky Lau**") *(Note (i))*	–	72	–	–	4	76
Mr. Quek Sze Whye ("**Mr. Albert Quek**") *(Note (ii))*	–	107	–	–	2	109
Mr. Bijay Joseph	–	222	–	–	12	234
	–	1,404	–	–	30	1,434
Independent non-executive directors:						
Mr. Wee Hian Eng Cyrus ("**Mr. Cyrus Wee**")	21	–	–	–	–	21
Mr. Chan Po Siu ("**Mr. Chan**") *(Note (iii))*	13	–	–	–	–	13
Mr. Xu Fenglei ("**Mr. Xu**")	24	–	–	–	–	24
Mr. Wong Ka Bo Jimmy ("**Mr. Jimmy Wong**") *(Note (iv))*	19	–	–	–	–	19
	77	–	–	–	–	77
Non-executive directors:						
Mr. Phang Yew Kiat ("**Mr. Phang**")	–	–	–	83	–	83
Total	77	1,404	–	83	30	1,594

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
2021						
Executive directors:						
Mr. Lim Kui Teng ("**Mr. Alan Lim**")	–	885	–	–	12	897
Mr. Lau Yan Hong ("**Mr. Dicky Lau**") *(Note (i))*	–	179	–	37	9	225
Mr. Quek Sze Whye ("**Mr. Albert Quek**") *(Note (ii))*	–	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 (iii))*	31	–	–	–	–	31
Mr. Xu Fenglei ("**Mr. Xu**")	24	–	–	–	–	24
	76	–	–	–	–	76
Non-executive directors:						
Mr. Phang Yew Kiat ("**Mr. Phang**")	–	–	–	63	–	63
Total	76	1,490	–	174	38	1,778

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

a) Directors' remuneration (Continued)

Notes:

(i) Mr. Dicky Lau has resigned as the executive director of the Company on 27 May 2022.

(ii) Mr. Albert Quek has resigned as the executive director of the Company on 27 May 2022.

(iii) Mr. Chan has resigned as an independent non-executive director of the Company on 27 May 2022.

(iv) Mr. Jimmy Wong was appointed as an independent non-executive director of the Company on 27 May 2022.

b) Five highest paid individuals

The five highest paid individuals of the Group included 3 (2021: 4) directors for the year, whose emoluments are reflected in Note (a).

The analysis of the emolument of the remaining 2 (2021: 1) highest paid individual for the year, are set out below:

	2022 **S$'000**	2021 S$'000
Salaries, allowances and benefits in kind	**357**	167
Discretionary bonuses	**53**	12
	410	179

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

b) Five highest paid individuals (Continued)

The remuneration of the remaining 2 individuals (2021: 1) fell within the following bands:

	Number of individuals	
	2022	2021
Nil – HK$1,000,000	**–**	–
HK$1,000,001 – HK$1,500,000	**2**	1
	2	1

c) During the year, no director or any of the highest paid individuals waived or agreed to waive any emoluments (2021: 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

a) Income tax

	2022 S$'000	2021 S$'000
Current tax – Singapore income tax		
Charge for the year	**491**	–
Under/(over) provision for prior year	**39**	(67)
	530	(67)
Deferred tax		
Charge for the year due to origination and reversal of temporary differences *(Note (b))*	**183**	414
Income tax expense	**713**	347

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

9. INCOME TAX EXPENSE (CONTINUED)

a) Income tax (Continued)

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

	2022 S$'000	2021 S$'000
Profit before income tax	**2,436**	1,847
Less: Share of results of associates	**(585)**	(10)
	1,851	1,837
Tax at statutory tax rate of 17%	**315**	312
Enhanced tax allowances, exemptions and rebates	**(35)**	–
Non-deductible expenses	**156**	203
Income not subject to tax	**(8)**	(141)
Effect of tax due to different jurisdiction	**–**	9
Under/(over) provision for prior year	**39**	(67)
Utilisation of previously unrecognised deferred income tax benefits	**31**	(257)
Tax loss disregarded	**312**	285
Effect of temporary differences	**(72)**	–
Others	**(25)**	3
Income tax expense	**713**	347

As at 31 December 2022, the Group has unutilised estimated tax losses of S$672,000 (2021: S$1,060,000) 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 (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 2021	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
(Charge)/credit to profit or loss for the year *(Note (a))*	(66)	(10)	37	(14)	(130)	(183)
At 31 December 2022	(36)	10	211	41	2	228

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

	2022 S$'000	2021 S$'000
Deferred tax assets	**228**	411
Deferred tax liabilities	**–**	–

10. DIVIDENDS

No dividend has been declared or paid by the Company during the year ended 31 December 2022 (2021: Nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2022 is based on the profit for the year of S$1,723,000 (2021: S$1,500,000) and on the weighted average number of 1,036,456,000 (2021: 1,036,456,000) ordinary shares in issue during the year ended 31 December 2022.

The calculation of diluted earnings per share for the year ended 31 December 2022 is based on the profit for the year of S$1,723,000 (2021: 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 1,136,408,000 (2021: 1,126,044,000).

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 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 and 1 January 2022	1,927	24,223	2,824	38,744	67,718
Additions	–	14,51	162	1,790	3,403
Disposals	(514)	(1,111)	(143)	(1,270)	(3,038)
At 31 December 2022	1,413	24,563	2,843	39,264	68,083
Accumulated depreciation					
At 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 and 1 January 2022	328	18,817	1,143	32,213	52,501
Depreciation charge *(Note 7)*	893	2,352	512	3,585	7,342
Disposals	(514)	(889)	(112)	(1,265)	(2,780)
At 31 December 2022	707	20,280	1,543	34,533	57,063
Net book value					
At 31 December 2021	1,599	5,406	1,681	6,531	15,217
At 31 December 2022	**706**	**4,283**	**1,300**	**4,731**	**11,020**

13. INVESTMENT PROPERTY

	S$'000
Cost	
At 1 January 2021, 31 December 2021 and 31 December 2022	1,546
Accumulated depreciation	
At 1 January 2021	236
Depreciation charge *(Note 7)*	12
At 31 December 2021 and 1 January 2022	248
Depreciation charge *(Note 7)*	12
At 31 December 2022	260
Net book value	
At 31 December 2021	1,298
At 31 December 2022	1,286
Fair value	
At 31 December 2021	6,500
At 31 December 2022	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. The remaining useful life of the investment property as at 31 December 2022 is 28 years (2021: 29 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

	2022	2021
	S$'000	S$'000
Advances to an associate	**8,689**	6,936
Deemed interest in associate [(a)]	**535**	536
Share of net assets, including cost	**700**	115
	9,924	7,587

(a) Arising from the fair valuation of interest-free advances to an associate.

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 2022, 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 2022 %**	**% of interest held by the Company** 2021 %
Chuan Investments Pte. Ltd. [(i)]	Singapore	Real estate developer	**33.3**	33.3

(i) Audited by Ernst & Young LLP.

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.	
	2022	2021
	$'000	$'000
Current assets	**219**	222
Non-current assets	**29,619**	22,531
Total assets	**29,838**	22,753
Current liabilities	**87**	6
Non-current liabilities	**27,666**	22,416
Total liabilities	**27,753**	22,422
Net assets	**2,085**	331
Proportion of the Group's ownership	**33.3%**	33.3%
Group's share of net assets and carrying amount of the investment	**695**	110

14. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	Chuan Investments Pte. Ltd.	
	2022	2021
	$'000	$'000
Other income	**599**	100
Profit for the year, net of taxation, representing total comprehensive income for the year	**1,756**	31
Proportion of the Group's ownership	**33.3%**	33.3%
Group's share of results	**585**	10

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

	2022	2021
	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**	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 impairment of S$4,000 (2021: reversal of S$2,000) was recognised.

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

	Note	**2022 S$'000**	2021 S$'000
Financial assets at FVTPL			
– Investment in life insurance policy at fair value	*(a)*	**1,425**	1,423
– Investment in property development projects		**6,449**	5,681
		7,874	7,104
Financial assets at FVOCI			
– Quoted equity securities at fair value		**1,078**	625
– Unquoted equity security at fair value		**316**	300
	(b)	**1,394**	925
Financial assets at amortised cost			
– Investment in corporate bond		**250**	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:

	2022 **S$'000**	2021 S$'000
United States dollar ("**US$**")	**1,425**	1,423

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

	2022 **S$'000**	2021 S$'000
Contract assets	**28,533**	24,320
Less: Provision for ECL on contract assets	**(513)**	(224)
	28,020	24,096
Contract liabilities	**(2,295)**	(2,822)
	25,725	21,274

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$289,000 (2021: S$213,000 was recognised as a reversal of ECL) was recognised as a provision for 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:

	2022 S$'000	2021 S$'000
Balance at beginning of the year	**224**	437
Provision for/(reversal of) ECL	**289**	(213)
Balance at end of the year	**513**	224

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:

	2022 S$'000	2021 S$'000
Revenue recognised that was included in the contract liabilities balances at the beginning of year	**2,816**	4,283
Transfers from the contract assets recognised at the beginning of year to trade receivables	**18,488**	22,132

Included in the Group's contract assets of S$3,087,000 (2021: S$3,087,000) 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	2022 S$'000	2021 S$'000
Trade receivables		22,642	19,516
Retention receivables		254	557
	(a)	22,896	20,073
Less: Provision for ECL on trade receivables and retention receivables		(1,044)	(1,337)
	(b)	21,852	18,736
Total trade receivables, net			
– Non-related parties		21,807	17,684
– Related parties	(c)	45	1,052
		21,852	18,736

Notes:

(a) During the year, credit period granted to the Group's customers generally within 30 (2021: 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:

	2022 S$'000	2021 S$'000
0 to 30 days	7,062	8,586
31 to 90 days	7,592	7,851
91 to 180 days	4,312	712
181 to 365 days	2,293	311
Over 365 days	593	983
	21,852	18,443
Retention receivables	–	293
	21,852	18,736

18. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

(b) (Continued)

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

	2022 S$'000	2021 S$'000
Neither past due nor impaired	**7,058**	8,586
1 to 30 days past due	**3,898**	4,615
31 to 90 days past due	**5,957**	3,622
91 to 180 days past due	**2,582**	395
181 to 365 days past due	**1,864**	242
Over 365 days past due	**493**	983
	21,852	18,443
Retention receivables	**–**	293
	21,852	18,736

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 and retention receivables:

	2022 S$'000	2021 S$'000
Balance at beginning of the year	**1,337**	1,405
Provision for ECL, net	**25**	220
Bad debts recovered	**(318)**	(271)
Written off	**–**	(17)
Balance at end of the year	**1,044**	1,337

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.

	2022 S$'000	2021 S$'000
Trade receivables	**45**	1,085
Less: Provision for ECL	**–**	(33)
	45	1,052

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2022 S$'000	2021 S$'000
Other receivables		**5,354**	5,506
Less: Provision for ECL on other receivables	*(b)*	**(5,199)**	(5,199)
		155	307
Deposits	*(c)*	**2,718**	1,940
Prepayments		**727**	810
	(a)	**3,600**	3,057
Classified as:			
Non-current assets		**140**	138
Current assets		**3,460**	2,919
		3,600	3,057

Notes:

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

	2022 S$'000	2021 S$'000
Non-related parties	**3,367**	2,672
Related parties	**233**	385
	3,600	3,057

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 2021	–	–	5,115	5,115
Foreign exchange differences	–	–	84	84
At 31 December 2021	–	–	5,199	5,199
Foreign exchange differences	–	–	–	–
At 31 December 2022	–	–	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.

(c) The deposits including deposit with bank amounting to S$1,000,000 which the maturity date as at 31 December 2022 is more than three months.

20. CASH AND CASH EQUIVALENTS

	2022 S$'000	2021 S$'000
Cash and bank balances	**21,722**	32,790
Time deposits with an original maturity of less than three months	**3,000**	–
	24,722	32,790
Less: Pledged deposits	**(1,281)**	(1,276)
Cash and cash equivalents	**23,441**	31,514

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)

As at 31 December 2022 and 31 December 2021, pledged deposits are restricted bank balances to secure:

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

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

(iii) the term loan amounting to $13,500,000 and $13,500,000 respectively; and

(iv) the hire purchase of property, plant and equipment amounting to $14,632,000 and $21,943,000 respectively.

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

	2022 **S$'000**	2021 S$'000
HK$	**7,533**	8,377
US$	**2,299**	3,035

21. TRADE PAYABLES

	Note	**2022** **S$'000**	2021 S$'000
Trade payables	*(a)*	**6,532**	6,701
Retention payables		**361**	404
		6,893	7,105
Total trade payables			
– Non-related parties		**6,467**	7,006
– Related parties	*(b)*	**426**	99
		6,893	7,105

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:

	2022 S$'000	2021 S$'000
0 to 30 days	**4,671**	4,645
31 to 90 days	**1,759**	1,482
91 to 180 days	**57**	420
Over 180 days	**406**	558
	6,893	7,105

22. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2022 S$'000	2021 S$'000
Current liabilities:		
Other payables	**647**	639
Accruals		
– Wages and bonuses	**1,458**	1,373
– Others	**2,760**	1,951
Deposits received	**13**	11
	4,878	3,974
Non-current liabilities:		
Deposits received	**6**	7

23. BORROWINGS

	Note	2022 S$'000	2021 S$'000
Current liabilities:			
Amounts payable within one year			
– Term loan	*(a)*	**1,252**	1,227
Non-current liabilities:			
Amounts payable in second to five years			
– Term loan	*(a)*	**1,817**	3,069
Total borrowings		**3,069**	4,296

Notes:

(a) The Group has obtained loan to finance the Group's working capital during the year.

	2022 %	2021 %
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:

	2022 S$'000	2021 S$'000
Within one year	**1,252**	1,227
In the second year	**1,277**	1,252
In the third to fifth year	**540**	1,817
	3,069	4,296

23. BORROWINGS (CONTINUED)

Notes: (Continued)

(c) The Group's aggregate banking facilities amounted to S$45,632,000 (2021: S$52,943,000) of which S$18,597,000 (2021: S$27,334,000) have been utilised as at 31 December 2022. The banking facilities of the Group were pledged by bank deposits as set out in Note 20. The summary of banking facilities is as follows:

	2022 S$'000	2021 S$'000
Banking facilities for:		
– Term loan	**13,500**	13,500
– Letter of credit, bank overdraft and bank guarantee	**17,500**	17,500
– Hire purchase	**14,632**	21,943
	45,632	52,943

As at 31 December 2022, the Group had unutilised banking facilities of S$27,035,000 (2021: S$25,609,000).

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:

	2022 S$'000	2021 S$'000
Within one year	**75**	75
Within second to fifth year	**13**	36
	88	111

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

	2022 S$'000	2021 S$'000
Plant and machinery	**2,454**	3,338
Properties leased for own use	**706**	1,599
Office equipment	**115**	52
Motor vehicles	**2,559**	5,155
	5,834	10,144

Lease liabilities

	2022 S$'000	2021 S$'000
Current	**2,820**	4,473
Non-current	**1,262**	2,656
	4,082	7,129

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

	2022 S$'000	2021 S$'000
Beginning of financial year	**7,129**	13,936
Additions	**1,497**	674
Write-off of lease liabilities	**(68)**	–
Re-measurement of lease liabilities	**–**	(615)
Accretion of interest	**139**	343
Principal payment of lease liabilities	**(4,476)**	(6,866)
Interest paid	**(139)**	(343)
End of financial year	**4,082**	7,129

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:

	2022		2021	
	Minimum lease payments	Present values of minimum lease payments	Minimum lease payments	Present values of minimum lease payments
	S$'000	S$'000	S$'000	S$'000
Within one year	**2,903**	**2,820**	4,604	4,473
In the second to fifth years, inclusive	**1,300**	**1,262**	2,701	2,656
	4,203	**4,082**	7,305	7,129
Less: future interest expenses	**(121)**		(176)	
Present value of lease liabilities	**4,082**		7,129	
Analysed into:				
Current portion		**2,820**		4,473
Non-current portion		**1,262**		2,656
		4,082		7,129

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 2.5% to 5.2% (2021: 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:

	2022 **S$'000**	2021 S$'000
Depreciation expense of right-of-use assets	**3,072**	7,030
Interest expense on lease liabilities	**139**	343
Low value lease expense	**16**	23
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	**1,625**	1,353
	4,852	8,749

Total cash outflow for all the leases was S$4,615,000 (2021: S$7,209,000).

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 2022 is 1.18% (2021: 1.18%).

25. SHARE CAPITAL AND RESERVES

	Number of shares	**Amounts** S$'000
Authorised:		
Ordinary share HK$0.01 each		
At 1 January 2021, 31 December 2021 and 31 December 2022	10,000,000,000	17,430
Issued and fully paid:		
At 1 January 2021, 31 December 2021 and 31 December 2022	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.

26. COMMITMENTS

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

	2022 **S$'000**	2021 S$'000
Contracted but not provided for, in respect of acquisition of		
– Property, plant and equipment	**1,419**	1,881

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
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**") (i)	A related company beneficially partially owned by Mr. Alan Lim

(i) In 2021, Mr. Alan Lim disposed his interest in United E&P. 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:

	2022 S$'000	2021 S$'000
Construction contract work and earthwork ancillary services income received from related parties		
– Mrs. Lim	–	21
– Cheng Yap	2	4
– Golden Empire#	219	849
– Golden Empire-Huationg#	219	286
– United E&P#	–	3
– Chuan Lim – United E & P Joint Venture	183	58
	623	1,221
Construction costs and related supporting service fees charged by related parties		
– Cheng Yap#	44	79
– Golden Empire#	2,903	1,261
– Hulett Construction# *(Note)*	2,325	2,489
– United E&P#	–	417
	5,272	4,246
Rental expenses charged by a related party		
– Hulett Construction#	96	96

The transactions with the related parties constitute one-off and continuing connected transactions as defined in Chapter 14A of the Listing Rules and have complied with all applicable requirements thereunder.

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

Note:

The total amount of the other charges that constitute continuing connected transactions during the year was S$1,643,000.

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:

	2022 **S$'000**	2021 S$'000
Short-term employee benefits	**2,092**	2,118

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

	31 December 2022 S$'000	Maximum amount outstanding during the year S$'000	31 December 2021 S$'000	Maximum amount outstanding during the prior year S$'000	1 January 2021 S$'000
Mrs. Lim	**3,087**	3,087	3,087	3,087	3,066
Cheng Yap	**(53)**	(53)	(4)	(32)	(22)
Golden Empire	**(325)**	(1,979)	72	588	93
Golden Empire-Huationg	**29**	136	37	190	69
Hulett Construction	**(31)**	963	881	1,404	912
United E&P	**–**	–	–	(412)	28
Chuan Lim – United E & P Joint Venture	**27**	29	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 2022, the Group had contingent liabilities in respect of performance bonds of construction contracts in its ordinary course of business of S$4,001,000 (2021: S$3,588,000). 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 S$'000	Lease liabilities S$'000	Total S$'000
At 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 and 1 January 2022	4,296	7,129	11,425
New lease	–	1,497	1,497
Write-off of lease liabilities	–	(68)	(68)
Financing cash outflows	–	(4,476)	(4,476)
Interest element on lease liabilities	–	(139)	(139)
Repayment of borrowings	(1,227)	–	(1,227)
Interest on borrowings	(74)	–	(74)
Interest expense	74	139	213
At 31 December 2022	3,069	4,082	7,151

Major non-cash transactions

During the year ended 31 December 2022, the Group purchased certain property, plant and equipment with a total capital value of S$1,745,000 (2021: S$903,000) under lease arrangements. Of these amounts, S$248,000 (2021: S$229,000) was paid as deposits and down payments and the remaining balances of S$1,497,000 (2021: S$674,000) was financed by entering into lease arrangements during the year ended 31 December 2022.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 S$'000	2021 S$'000
ASSETS AND LIABILITIES		
Non-current assets		
Investment in subsidiaries	**44,791**	44,791
Amount due from subsidiaries	**10,503**	–
	55,294	44,791
Current assets		
Deposits, prepayments and other receivables	**66**	99
Amount due from subsidiaries	**5,612**	14,362
Cash and cash equivalents	**1,857**	5,339
	7,535	19,800
Total assets	**62,829**	64,591
Current liabilities		
Other payables and accruals	**130**	142
Net current assets	**7,405**	19,658
Net assets	**62,699**	64,449
EQUITY		
Equity attributable to owners of the Company		
Share capital	**1,767**	1,767
Reserves	**60,932**	62,682
Total equity	**62,699**	64,449

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Reserves

	Share premium S$'000	Contributed surplus* S$'000	Share option reserve S$'000	Accumulated losses S$'000	Total S$'000
At 1 January 2021	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
Loss for the year, representing total comprehensive loss for the year	–	–	–	(1,833)	(1,833)
Equity-settled share option arrangements	–	–	83	–	83
At 31 December 2022	27,250	44,791	604	(11,713)	60,932

* 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 2022 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 (2021: 10,364,000) share options 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.

(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) Vesting period of options granted

No vesting period shall be provided for the options granted under the Share Option Scheme 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 99,952,000 share options to subscribe for an aggregate of 99,952,000 ordinary shares of HK$0.01 each in the capital of the Company, comprising:

(i) 39,092,000 share options to two directors; and

(ii) 60,860,000 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	8,000,000	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)
1 November 2022	Tranche 5	10,364,000	350 days from the date of grant	16 October 2023 to 9 May 2026 (both days inclusive)
Options granted to employees:				
28 October 2020	Tranche 1 [(1)]	16,000,000	195 days from the date of grant	10 May 2021 to 9 May 2026 (both days inclusive)
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)
		99,952,000		

[(1)] The share options granted to Mr. Lau and Mr. Quek were transferred from the category of "Directors" to the category of "Employees of the Group" as each of them retired as an executive Director with effect from the conclusion of the 2022 AGM but continued to act as an employee of the Group.

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:

	2022		2021	
	Weighted average exercise price HK$	**Number**	Weighted average exercise price HK$	Number
At beginning of the year	**0.11**	**89,588,000**	0.09	79,224,000
Granted during the year	**0.103**	**10,364,000**	0.22	10,364,000
Outstanding at end of the year	**0.11**	**99,952,000**	0.11	89,588,000
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	Tranche 5
Share price (HK$)	0.086	0.086	0.086	0.086	0.086
Exercise price (HK$)	0.090	0.090	0.090	0.220	0.103
Expected volatility	60%	60%	60%	60%	60%
Expected option life	5.5 years	5.5 years	5.5 years	4.4 years	3.4 years
Expected dividend	0%	0%	0%	0%	0%
Risk-free rate	0.26%	0.26%	0.26%	0.26%	0.26%

The weighted average fair value of each option granted during the year ended 31 December 2022 at the date of grant 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 taken 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:

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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$108,000 (2021: S$63,000) as a result of the changes in fair value of the investments.

Foreign currency risk

The Group's transactions are mainly denominated in S$ which is the functional currency of the Group. As at 31 December 2022, 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$. The following table details the sensitivity of the Group's for the year in regard to a 5% appreciation in S$ 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.

	2022 **S$'000**	2021 S$'000
HK$ to S$	**377**	419
US$ to S$	**186**	223

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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

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:

2022	Weighted average lifetime	Gross carrying amount S$'000	Loss allowance S$'000
Neither past due nor impaired	2%	7,089	60
1 to 30 days past due	2%	3,920	32
31 to 90 days past due	2%	5,998	49
91 to 180 days past due	2%	2,603	21
181 to 365 days past due	13.2%	1,880	15
Over 365 days past due	96.5%	498	4
		21,988	181
Individual assessment			
– Non-related parties	100%	609	609
– Related parties	3%	45	–
– Retention receivables	5%	254	254
		908	863
Total		22,896	1,044

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

2021	Weighted average lifetime	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

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:

2022

	Non credit-impaired S$'000	Credit-impaired S$'000	Total S$'000
Gross carrying amount	**28,533**	**–**	**28,533**
Expected credit losses	**(513)**	**–**	**(513)**
Expected credit loss rate	**3.0%**	**N/A**	

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	

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:

	2022	2021
	S$'000	S$'000
Provision for ECL recognised in profit or loss for the year	**–**	–

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 2022, 17% (2021: 27%) of the total trade debtors was due from the Group's largest customer and 49% (2021: 47%) 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

	2022 S$'000	2021 S$'000	**Fair value hierarchy**
Financial assets at FVTPL			
Investment in life insurance policy at fair value	**1,425**	1,423	Level 3
Investment in property development projects	**6,449**	5,681	Level 3
Financial assets at FVOCI			
Quoted equity securities at fair value	**1,078**	625	Level 1
Unquoted equity security at fair value	**316**	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:

	2022	2021
	S$'000	S$'000
Financial assets at FVTPL		
At 1 January	**7,104**	1,383
Additions	**1,337**	5,299
Disposal	**(814)**	–
Fair value gains recognised in profit or loss	**247**	422
At 31 December	**7,874**	7,104
Financial assets at FVOCI		
At 1 January	**300**	–
Additions	**–**	300
Fair value gains recognised in other comprehensive income	**16**	–
At 31 December	**316**	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
2022							
Trade payables	6,893	6,893	6,893	–	–	–	–
Other payables and accruals	4,865	4,865	4,865	–	–	–	–
Borrowings	3,069	3,146	–	1,302	1,844	–	–
Lease liabilities	4,082	4,203	272	2,631	811	489	–
	18,909	19,107	12,030	3,933	2,655	489	–
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	7,305	1,298	3,307	2,146	554	–
	22,493	22,821	12,366	4,609	3,448	2,398	–

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the reporting dates are as follows:

Financial assets

	2022 S$'000	2021 S$'000
Financial assets at FVTPL:		
– Investment in life insurance policy at fair value	**1,425**	1,423
– Investment in property development projects	**6,449**	5,681
	7,874	7,104
Financial assets at amortised cost:		
– Investment in corporate bond	**250**	250
– Trade receivables	**21,852**	18,736
– Other receivables	**155**	307
– Pledged deposits	**1,281**	1,276
– Cash and cash equivalents	**23,441**	31,514
	46,979	52,083
Financial assets at FVOCI:		
– Quoted equity securities at fair value	**1,078**	625
– Unquoted equity security at fair value	**316**	300
	1,394	925
Total	**56,247**	60,112

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	2022 S$'000	2021 S$'000
At amortised cost:		
– Trade payables	**6,893**	7,105
– Other payables and accruals	**4,865**	3,963
– Borrowings	**3,069**	4,296
– Lease liabilities	**4,082**	7,129
Total	**18,909**	22,493

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 2022 amounted to S$88,783,000 (2021: S$86,507,000), 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 REPORTING PERIOD

There has been no significant event affecting the Group after the reporting period.

37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 30 March 2023.