# WMCH Global Investment Limited

(Incorporated in the Cayman Islands with limited liability)

**Stock Code : 8208**

# 2021

# Annual Report

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**



*This report, for which the directors (collectively the "**Directors**" and individually a "**Director**") of WMCH Global Investment Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.*

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wong Seng *(Chairman and Chief Executive Officer)*
Ms. Leow Geok Mui
Mr. Lim Chin Keong
Mr. Heng Kim Huat

### Independent Non-Executive Directors

Dr. Tan Teng Hooi
Mr. Ng Shing Kin
Mr. Leong Jay

## AUDIT COMMITTEE

Mr. Ng Shing Kin *(Chairman)*
Dr. Tan Teng Hooi
Mr. Leong Jay

## REMUNERATION COMMITTEE

Mr. Leong Jay *(Chairman)*
Mr. Wong Seng
Dr. Tan Teng Hooi
Mr. Ng Shing Kin

## NOMINATION COMMITTEE

Dr. Tan Teng Hooi *(Chairman)*
Ms. Leow Geok Mui
Mr. Leong Jay
Mr. Ng Shing Kin

## COMPANY SECRETARY

Mr. Chan Kim Sun
*Certified Public Accountant*

## COMPLIANCE OFFICER

Mr. Wong Seng

## INDEPENDENT AUDITOR

HLB Hodgson Impey Cheng Limited
*Certified Public Accountant*

## REGISTERED OFFICE

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., 148 Electric Road,
North Point, Hong Kong
*(with effect from 8 January 2021)*

## LEGAL ADVISERS

D. S. Cheung & Co
29/F, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

## PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Limited

## PRINCIPAL SHARE REGISTRAR

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

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point
Hong Kong

## COMPANY WEBSITE

http://www.tw-asia.com

## STOCK CODE

8208

# Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of WMCH Global Investments Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present our consolidated financial results of the Group for the financial year ended 31 December 2021 (the "**FY2021**") to the shareholders of the Company (the "**Shareholders**").

## RESULTS PERFORMANCE

After more than one year since outbreak of novel coronavirus ("**COVID-19**"), it has impacted the global business environment, livelihood of people and causing a wide spread global supply chain disruption. It adjourned countless of ongoing projects, adversely affected construction projects due to severe supply chain shortage as well as constraint on manpower resources. During the Year 2021, some countries has gradually reopening borders with caution amid raising in infection rate due to high vaccination rate globally.

In the FY2021, the Group recorded a revenue of approximately SGD8.8 million, representing a decrease of approximately SGD0.5 million, or 5.4%, from approximately SGD9.3 million for the year ended 31 December 2020 (the "**FY2020**"). The decrease in revenue was primarily due to surge of COVID-19 cases in Vietnam which resulted implementation of social distancing and lockdown measures by Vietnam government to minimize the transmission. On top of that, the construction progress was still in slower pace due to disruption of supply for raw materials and components for construction industry and manpower shortages. These caused delays and low productivity in building and housing projects in especially in Singapore.

In the foreseeable future, the outlook for the coming financial year would remain challenging with the after effect of the COVID-19 and uncertainties and risks in the global economy remain. The path to recovery is expected to be slow and uneven across economies the Group will continue to control its expenditure and ensure that there is adequate liquidity to sustain operations. The Group anticipates that the construction industry will be very competitive and will actively engage in those which are beneficial to the long-term development of the Group.

## APPRECIATION

The Board would like to extend its sincere thanks to the Group's shareholders, business partners and customers for their utmost support to the Group. The Group would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year ended 31 December 2021.

**Mr. Wong Seng**
*Chairman and Executive Director*

Hong Kong, 6 June 2022

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group has been operating in the civil and structural engineering market in Singapore for more than 15 years. Leveraging on our industry experience in Singapore, we started providing civil and structural engineering consultancy services in Vietnam in 2009. The Group mainly providing services in Singapore and Vietnam. The Group provides the following services: (i) civil and structural engineering consultancy services and (ii) other services including master planning, structural due diligence and visual inspection of existing buildings.

The Group's key objective is to provide engineering expertise and ingenuity to achieve the client's objective, which includes completing the project on time, within budget and with the right quality so as to achieve sustainable growth in terms of our business and financial performance.

Due to outbreak of a Novel Coronavirus ("**COVID-19**"), many countries have implemented emergency public health measures and taken various actions to prevent the spread of the COVID-19 pandemic including travel restriction and lockdown measures. Such measures resulted in general disruption of production, supply chain and logistic of services. Although some countries gradually ceased the lockdown measures, the global market remains challenging and market sentiments still have to take a long time to fully recover unless preventive measures are available to prevent the COVID-19 infection.

## FUTURE PROSPECTS

With the Group's experienced management team and reputation in the market, the Directors believe that the Group is well-positioned to compete against our current competitors, though we opine that the coming financial years should continue to be challenging for our industry sector due to the uncertain global environment and rising costs in Singapore, Vietnam and Hong Kong that may affect the Singapore, Vietnam and Hong Kong's economics.

The Company has also been continuously evaluating the current business strategies of the Group and the use of capital by the Group's existing businesses with an aim to ensure resources are being used effectively to improve its overall performance. The Company has been actively looking to diversify the revenue sources of the Group in order to create more value to shareholders through acquiring businesses or projects that have promising outlooks and prospects.

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately SGD0.5 million or 5.4%, from approximately SGD9.3 million for the year ended 31 December 2020 to approximately SGD8.8 million for the year ended 31 December 2021. The decrease of revenue was mainly due to conventional projects which accounted for approximately SGD2.8 million for the year ended 31 December 2021, representing a decrease of approximately SGD0.3 million from approximately SGD3.1 million for the year ended 31 December 2020.

The decrease in revenue primarily due to the outbreak of COVID-19 during the year ended 31 December 2021. The surge in COVID-19 cases in Vietnam has caused implementation of lockdown measure to minimize the transmission. Some of the construction projects has to stop work or delayed in work. Generally, most of the construction progress was slowed down due to severe disruption in supply of raw materials and manpower constraints in both Singapore and Vietnam.

# Management Discussion and Analysis

## Cost of Services

The Group's cost of services decreased by approximately SGD0.5 million or 5.8%, from approximately SGD8.6 million for the year ended 31 December 2020 to approximately SGD8.1 million for the year ended 31 December 2021 which largely due to (i) no payment of special bonus to our Singapore staff for the year ended 31 December 2021 (2020: SGD0.2 million) and (ii) adjustment of staff salary by lower 5% to 20% for the period from March 2021 to May 2021.

## Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately SGD0.1 million or 14.3%, from approximately SGD0.7 million for the year ended 31 December 2020 to approximately SGD0.8 million for the year ended 31 December 2021, which mainly due to lower cost of services as discussed above.

## Other Income

Other income decreased by approximately SGD214,000 or 21.8%, from approximately SGD983,000 for the year ended 31 December 2020 to approximately SGD769,000 for the year ended 31 December 2021, which was primarily due to lesser amount received from government as subsidy for manpower costs.

## Administrative Expenses

The Group's administrative expenses decreased by approximately SGD1.3 million or 26.5%, from approximately SGD4.9 million for the year ended 31 December 2020 to approximately SGD3.6 million for the year ended 31 December 2021, which mainly due to lower marketing fee and adjustment of staff salary by lower 5% to 20% for the period from March 2021 to May 2021.

## Allowance for Expected Credit Losses

Allowance of expected credit losses increased by approximately SGD0.2 million or 200%, from approximately SGD0.1 million for the year ended 31 December 2020 to approximately SGD0.3 million for the year ended 31 December 2021.

## Impairment Losses on Property, Plant and Equipment and Right-of-Use Assets

The Group has recognised an impairment losses on property, plant and equipment and right-of-use assets approximately SGD0.3 million (2020: nil) during the year ended 31 December 2021.

## Impairment Loss on Interest in an Associate

An impairment loss recognised on interest in an associate was approximately SGD7.9 million (2020: Nil). The Group assesses whether there is an objective evidence showing the interest in an associate may be impaired. Whenever there is any objective evidence, the entire carrying amount of the investment (including goodwill) will be tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, (including goodwill), that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. The amount of the impairment loss are recognised in profit and loss.

Details of impairment loss recognised in respect to the interest in an associate of the Group during the year are set out in note 16 to the consolidated financial statements.

## Share of Result of an Associate

During the year ended 31 December 2021, the Group has share of loss of an associate approximately SGD0.1 million (2020: Nil).

### Finance Costs

The finance costs mainly consist of interest expenses on bank borrowings and lease liabilities. The finance costs for interest expenses on bank borrowings remained at a stable level with approximately SGD35,000 and SGD28,000 for the year ended 31 December 2020 and 2021 respectively.

### Income Tax Expenses/Credits

As all of the Group's profit are derived from Singapore, Vietnam and Hong Kong, the Group is subject to income tax in Singapore, Vietnam and Hong Kong.

The Group's income tax expenses decreased by approximately SGD33,000 or 100.0% from income tax expense of approximately SGD33,000 for the year ended 31 December 2020 primarily due to loss for the year ended 31 December 2021.

### Loss for the Year

The loss for the year ended 31 December 2021 was approximately SGD10.8 million, as compared with the loss of approximately SGD3.3 million for the year ended 31 December 2020. The increased in loss was mainly attributable to (i) impairment loss recognised in respect to the interest in an associate, (ii) impairment loss recognised in respect to the property, plant and equipment and rights-of-use assets, (iii) increase in expected credit loss for trade receivables and contract assets and (iv) share of loss of an associate.

## LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

As at 31 December 2021,

(a) the Group's total assets decreased to approximately SGD8.2 million (2020: approximately SGD11.1 million) while the total equity decreased to approximately SGD5.7 million (2020: approximately SGD8.3 million);

(b) the Group's current assets decreased to approximately SGD6.6 million (2020: approximately SGD9.2 million) while the current liabilities decreased to approximately SGD1.7 million (2020: approximately SGD1.9 million);

(c) the Group has bank and cash balances and short-term bank deposits of approximately SGD3.9 million (2020: SGD4.8 million);

(d) there was a bank borrowing of approximately SGD0.8 million (2020: SGD0.8 million); and

(e) the gearing ratio is calculated by dividing total debts with total equity as at the end of respective year and expressed as a percentage. As at 31 December 2021, the gearing ratio was not applicable to the Group (2020: Nil).

## CAPITAL EXPENDITURE

Capital expenditure during the year ended 31 December 2021 was primarily attributable to expenditure on leasehold improvements and office equipment, totalling SGD46,000 (2020: SGD66,000) to cope with our operation needs.

## DIVIDEND

The Board has resolved not to declare any dividend for the year ended 31 December 2021 (2020: Nil).

# Management Discussion and Analysis

## SIGNIFICANT INVESTMENT

As at 31 December 2021, save as disclosed in the section headed "Future Plans For Material Investments And Capital Assets" in this report, the Group did not hold any other significant investment (2020: Nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2021, save as disclosed in the section headed "Material Acquisition or Disposal of Subsidiaries and Associated Companies", the Group currently has no other plan for material investments and capital assets (2020: Nil).

## INDEBTEDNESS AND CHARGES ON GROUP ASSETS

The Group had charges on the investment property of carrying amount as at 31 December 2021 of SGD1,343,000 (31 December 2020: SGD1,369,000) for a mortgage loan facility.

## MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 31 May 2021 and 30 June 2021, the Company entered into respectively a conditional acquisition agreement and a supplemental agreement with Mr. Lau Yu Fung (the "**Seller**"), pursuant to which the Company has conditionally agreed to acquire the Sale Shares, representing 40% of the issued share capital of Eidea Professional Services Company Limited (the "**Target Company**") and the Company conditionally agreed to allot and issue of 120,000,000 New Shares by the Company to the Seller under the General Mandate at the issue price of HK$0.18 per New Share upon Completion.

The completion of the acquisition took place on 13 July 2021. An aggregate of 120,000,000 new ordinary shares of the Company of par value of HK$0.01 each (the "**New Shares**"), representing approximately 20.0% of the total number of ordinary shares in issue as enlarged by the allotment and issue of the Subscription Shares, were allotted and issued to the Seller at the Subscription price of HK$0.18 per New Share. The gross proceeds from the allotment and issuance of New Share amounted to HK$21,600,000.

Save as disclosed in the Prospectus and in this annual report, the Group did not have any material acquisitions, disposals of subsidiaries, associated companies and joint ventures during the year ended 31 December 2021.

## FOREIGN EXCHANGE RISK MANAGEMENT

The majority of the Group's transactions, assets and liabilities are denominated in Singapore dollars and Vietnam Dong. The Group is exposed to exchange risk with respect mainly to Vietnam Dong which may affect its performance.

The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered to be insignificant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

## PRINCIPAL RISKS AND UNCERTAINTIES

All the risks relating to the Group's business have been set out in the Prospectus under the section headed "Risk Factors".

## CONTINGENT LIABILITIES

As at 31 December 2021, save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have any material contingent liabilities (2020: Nil) nor any material capital commitments (2020: Nil).

# Management Discussion and Analysis

## USE OF PROCEEDS FROM THE SHARE OFFER AND IMPLEMENTATION OF BUSINESS STRATEGIES

The ordinary shares of the Company was successfully listed on GEM of the Stock Exchange on 29 November 2019 by way of share offer of 45,000,000 public offer shares and 105,000,000 placing shares at the price of HKD0.40 per share (the "**Share Offer**"). The net proceeds (the "**Net Proceeds**") from the Share Offer were approximately HK$21.1 million (approximately SGD3.7 million) after deducting listing-related expenses. The Company intends to apply the Net Proceeds in the same proportion and in the same manner as shown in the section headed "Future Plans and Use of Proceeds" of the Prospectus. An analysis of the utilisation of the Net Proceeds from the Share Offer from 29 November 2019 (the "**Listing Date**") up to 31 December 2021 is set out below:

| Business strategies | Planned use of Net Proceeds (as stated in the Prospectus) in respect of business objectives from the Listing Date to 31 December 2021 | | Approximate actual amount utilised as at 31 December 2021 | Unused amount of Net Proceeds as at 31 December 2021 *(Note 2)* | Expected timeline for utilising the remaining Net Proceeds *(Notes 1 and 2)* |
|---|---|---|---|---|---|
| | HKD' million | % | HKD' million | HKD' million | |
| Expand our operation in Singapore | 6.2 | 29.3% | 0.4 *(Note 3)* | 5.8 | Expected to be fully utilised on or before 31 December 2022 |
| Expand our operation in Vietnam | 4.9 | 23.5% | – *(Note 4)* | 4.9 | Expected to be fully utilised on or before 31 December 2022 |
| Setting up a supporting office in Hong Kong | 4.0 | 18.8% | 0.4 *(Note 5)* | 3.6 | Expected to be fully utilised on or before 31 December 2022 |
| Enhancement of our information technology system | 2.5 | 11.8% | – *(Note 6)* | 2.5 | Expected to be fully utilised on or before 31 December 2022 |
| Improve our PPVC knowhow by investing further in research and development | 1.5 | 7.4% | – *(Note 7)* | 1.5 | Expected to be fully utilised on or before 31 December 2022 |
| Sales and marketing | 0.3 | 1.4% | 0.3 | – | – |
| Scholarships | 0.4 | 1.8% | 0.2 | 0.2 | Expected to be fully utilised on or before 31 December 2022 |
| Working capital | 1.3 | 6.0% | 1.3 | – | – |
| | 21.1 | 100.0% | 2.6 | 18.5 | |

*Notes:*

1. The expected timeline for utilising the remaining Net Proceeds is made based on the best estimation of the Company taking into account, among others, the prevailing and future market conditions and business developments and need, and therefore is subject to change.

2. The unutilised Net Proceeds from the Listing are expected to be used in accordance with the Company's plan as disclosed in the Prospectus except that the original timeline for utilising the remaining Net Proceeds as disclosed in the Prospectus has been delayed due to, among others, the business environment being affected by the social unrest in Hong Kong since June 2019 and the outbreak of COVID-19 since January 2020.

3. Up to 31 December 2021, approximately HK$0.4 million of the Net Proceeds was utilised for expanding our operation in Singapore. We have leased one additional small unit office to accommodate additional manpower which joined us from beginning of the year. The Group will continue to identify suitable locations fulfilling our expected scale of operations and execute the implementation plan as disclosed in the Prospectus.

4. The Group is still in the progress to identify suitable locations as the rental rate at the current office area has surged in recent months due to higher demand as those tenants from more expensive districts or Grade A building with higher rental shifting to Grade B building with lower rental. Plan for setting up a new office in Danang, Vietnam and supervision team in Ho Chi Minh City, Vietnam will delay mainly due to slow down in economy since the outbreak of COVID-19.

5. Up to 31 December 2021, approximately HK$0.4 million of the Net Proceeds was utilised for expanding our operation in Hong Kong. We have leased a unit office with intention to expand further in Hong Kong. However, the Group will delay the hiring of manpower due the social unrest in Hong Kong since June 2019 and the outbreak of COVID-19 since January 2020 while continue to identify suitable candidates execute the implementation plan as disclosed in the Prospectus.

6. While the Group continues to identify the suitable candidates, the Net Proceeds for enhancing information technology system, including subscribing more software licences will delay mainly due to delay in hiring of manpower. Meanwhile, the Group has been consistency sourcing for the most suitable enterprise resource planning system for accounting and human resources records which has been slowed down due to COVID-19.

7. The Group is actively discussing the research and development on PPVC knowhow with relevant parties but the process has been slowed down due to COVID-19.

The remaining Net Proceeds as at 31 December 2021 had been placed in interest-bearing deposits in banks in Singapore and Hong Kong. Up to 31 December 2021, all Net Proceeds are expected to be used in accordance with the Company's plan as disclosed in the Prospectus except that the original timeline for utilising the remaining Net Proceeds as disclosed in the Prospectus has been delayed due to, among others, the business environment being affected by the social unrest in Hong Kong since June 2019 and the outbreak of COVID-19 since January 2020.

The Directors will constantly evaluate the Group's business objective and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had a total of 156 employees (2020: 149 employees). The Group's staff costs for the year ended 31 December 2021 amounted to approximately SGD9.2 million (2020: SGD10.2 million). The Group believes its success and long-term growth depend primarily on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary bonuses are offered to qualified employees based on individual and the Group's performance.

The Group believes that on-going and continuous development of its employees is critical to its success. The Group provides its employees with periodic in-house training to enhance the knowledge of the workforce. Meanwhile, external training programmes conducted by qualified personnel are also attended by employees to enhance their skills set and working experience.

The Company adopted a share option scheme (the "**Scheme**") on 6 November 2019 (the "**Adoption Date**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. As at 31 December 2021, a total of 72,000,000 (2020: 60,000,000) shares, representing 10% of the issued Shares, were available for issue under the Scheme.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2021 and 2020.

# Environmental, Social and Governance Report

## OVERVIEW

We are pleased to present the third Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**"), prepared by WMCH Global Investment Limited (the "**Company**"), together with its subsidiaries (collectively, the "**Group**") to summaries the Group's ESG key issues, initiatives, and the sustainability performance of its principal business of providing civil and structural engineering consultancy services in Singapore and Vietnam markets for the period starting from 1 January 2021 to 31 December 2021 ("**2021**" or "**2021 Reporting Period**").

This report is prepared in accordance with the ESG reporting guide (the "**ESG Reporting Guide**") as stated under Appendix 20 of the GEM Listing Rules and Guidance set out by the Hong Kong Stock Exchange ("**HKEX**") and its principles of materiality, quantitative, balance and consistency, and covers the operations and activities of the subsidiaries in Singapore and Vietnam. The ESG Report was compiled in compliance with the "comply or explain" provisions in the ESG Reporting Guide.

The ESG Report has been approved by the management and board of directors of the Group.

## ESG OBJECTIVES AND STRATEGIES

The Group is one of the leading civil and structural engineering consultancy firm offering a full range of civil and structural engineering consultancy services on buildings utilising conventional construction and PPVC method, and other services including master planning, structural due diligence and visual inspection of existing buildings in the Singapore and Vietnam markets. We have been involved in a large number of residential, industrial, commercial and institutional projects since 2005. The Group strives to be an environmental and socially responsible corporation.

For our clients, we operate in strict compliance with the principles of minimizing risks associated with the listed ESG subject areas and aspects mentioned in the ESG Reporting Guide, including but not limited to complying with legal and regulatory requirements, adherence to high ethical standards, and eliminating and minimizing negative impacts on the environment.

Nonetheless, we also cherish those that are part of the family within the Group by further complying with the listed ESG subject areas and aspects mentioned in the ESG Reporting Guide, including but not limited to alleviating and improving the wellbeing of our employees, creating value to the stakeholders, and supporting the growth and inclusion of the community to the operations of the Group.

# Environmental, Social and Governance Report

## ESG APPROACH AND MANAGEMENT

Throughout the 2021 Reporting Period, the Group maintained the same ESG management structure and process as the last reporting period (from 1 January 2020 to 31 December 2020, "**2020**" or "**2020 Reporting Period**"). The Board of the Group is responsible for formulating and setting goals and targets, approving strategic direction and policies, and monitoring performance including ESG issues. The Board has delegated the chief executive officer (the "**Management Representative**" or "**MR**") and his operation managers (collectively, the "**Management Team**") with the responsibility to formulate and implement policies and measures to all ESG related matters. The Management Team has thus committed company resources and instructed various departmental managers and subject matter working groups with the following responsibilities:

- Review and identify the environmental and social risks that may be material to the Group's core business activities;
- Formulate, approve and implement ESG strategies and policies;
- Establish and designate ESG Key Performance Indices ("**KPIs**") to monitor the implementation of such ESG strategies and policies;
- Collect and compile data and statistics and prepare reports regarding the implementation of all ESG matters;
- Analyse and compare such statistics to ESG KPIs;
- Evaluate and assess the overall performance of the ESG strategies and policies;
- Identify and determine the shortcomings and weaknesses in all ESG related matters;
- Device solutions and action plans to remedy weaknesses in the implementation of ESG strategies and policies and revise ESG strategies or policies if necessary; and
- Consult with external stakeholders and independent professionals in ESG.

The Group fully understands that ESG policies and practices may change over time to reflect the changes in business operations, structures, technologies, laws and regulations, and the environment. The Group thus continues to invest substantial resources to monitor ESG issues, policies and practices and performance on an ongoing basis. In order to contribute to the sustainable development on the environment and society, whilst maximizing the benefits to our employees and the stakeholders, the Group has continued to exercises due responsibility in maintaining the highest level of ethical standards when conducting its business and upholds strict compliance with all relevant laws, rules and regulations in all ESG matters.

## STAKEHOLDERS COMMUNICATION AND MATERIALITY

In managing the priorities, the Group continues to ensure its operations are in compliance with its environmental and social responsibilities and obligations as required by the ESG Reporting Guide and the laws and related regulations of Singapore and Vietnam, and the specific guides of the civil and structural engineering industry. The Group also continues to take into account of the opinions and views, and strive to address their concerns with the various stakeholders through the stated communication channels as listed below:

| Stakeholders | Communication Channels |
|---|---|
| Shareholders/Investors | • General meetings<br>• Information published on websites of the Company and the HKEX<br>• Direct emails or phone enquiries<br>• Dispatched documents |
| Employees | • Direct meetings with the management executives<br>• Emails<br>• Annual and regular appraisal<br>• Organized functions and activities for the employees |
| Customers | • Day-to-day communication through front line staff<br>• Emails<br>• Official websites |
| Suppliers/service providers/ professional advisors | • Day-to-day communication through front line staff<br>• Regular review of the signed arrangements by the management |
| NGO partners | • Volunteer activities<br>• Sponsors and donations |
| Industry associations | • Participation in annual and regular meetings, conferences, events, etc. |

Through regular communications with stakeholders and reviewing of the information collected, the Group has identified the following ESG material areas and aspects indicated in the following table:

<table>
<tr><th colspan="2">Subject Areas</th><th>Subject Aspects</th><th>Materiality</th></tr>
<tr><td colspan="2" rowspan="4">Environmental</td><td>A1. Emissions</td><td>✓</td></tr>
<tr><td>A2. Use of Resources</td><td>✓</td></tr>
<tr><td>A3. Environment and Natural Resources</td><td></td></tr>
<tr><td>A4. Climate Change</td><td></td></tr>
<tr><td rowspan="8">Social</td><td rowspan="4">Employment and Labour Practices</td><td>B1. Employment</td><td>✓</td></tr>
<tr><td>B2. Health and Safety</td><td>✓</td></tr>
<tr><td>B3. Development and Training</td><td>✓</td></tr>
<tr><td>B4. Labour Standards</td><td>✓</td></tr>
<tr><td rowspan="3">Operating Practices</td><td>B5. Supply Chain Management</td><td></td></tr>
<tr><td>B6. Product Responsibility</td><td>✓</td></tr>
<tr><td>B7. Anti-corruption</td><td>✓</td></tr>
<tr><td>Community</td><td>B8. Community Investment</td><td>✓</td></tr>
</table>

The above ESG material areas and aspects have continued to be strictly managed and monitored through the Group's established management structure, process, policies and guidelines as described in this ESG Report and herein summarised below:

## The Group's Environmental and Social Areas and Aspects and their Performance

### A. Environmental Areas and Aspects

#### *1.1 Environmental Areas Overview*

*Introduction & Policies*

As a responsible corporation, the Group has abided by all the national and local environmental laws and regulations and has implemented our "Green Environmental Policy and Procedure", which are summarized below:

*Purpose*

To establish and maintain procedures to identify, evaluate and determine the significance of environmental aspects for all work activities and its corresponding impacts.

*Procedure*

(i) The Management Team shall identify and evaluate the environmental aspects for all work activities that are most likely to give rise to significant environmental impacts.

(ii) The Management Team shall brainstorm internally and externally with other related parties and classify all the relevant work activities under normal, abnormal and emergency situation.

- Normal is defined as a routine activity or work that is carried out daily and is part of the process;
- Abnormal refers to unusual or non-routine work that should not happen but happen somehow; and
- Emergency refers to an occurrence of an event that will cause a drastic impact or severity to the environment and immediate action has to be taken, e.g. major leakage and spillage, fire, injury, etc.

(iii) When identifying the environmental aspects, consider the following where relevant:

- Emission to the atmosphere;
- Releases of water to public sewerage;
- Disposition of waste;
- Land contamination;
- Use of raw material, energy, water and other natural resources; and
- Other local environmental issues.

All activities likely to cause significant environmental impact shall be identified.

(iv) The Management Team shall review the environmental aspects at least once every 3 years and whenever there are new work activities or introduction of new equipment/process, new knowledge through incidents/accidents, new or changed legal, organizational or other requirements.

(v) For each environmental aspect, the Management Team shall identify and assess the environmental impacts, including but not limited to global warming, water pollution, noise pollution, and waste generation.

The Green Environmental Policy is in place to help us achieve a balance between carrying out our business operations and activities and protecting the environment. The policy will guide us to prevent pollution, reduce wastes and minimise negative impacts on the environment. Successful implementation of these policies and procedures may reduce our use of energy, water and other natural resources, which will result in savings in our operating costs.

### 1.2 *Environmental Aspects*

The Group is a leading provider of civil and structural engineering consultancy service for residential, industrial, commercial and institutional projects in Singapore and Vietnam. Our business activities involve highly qualified engineers and consultants providing consultation to our clients. Most of our activities are carried out by our teams of more than 141 engineers, designers and draftsmen in our 3 offices in Singapore and Vietnam, which produce, emit or discharge immaterial amount of hazardous gas, pollutants, polluted water or wastes, noise or light, if any.

## A1. Emissions and Wastes

### *(i) Hazardous and Non-Hazardous Air Emissions*

The in-house office of our business does not generate any hazardous air emissions and pollutants. Carbon dioxide ("**$CO_2$**") is the only non-hazardous greenhouse gas ("**GHG**") generated indirectly from the use of electricity in our offices in Singapore and Vietnam.

Hazardous air emissions such as sulphur oxides, nitrogen oxides and particulate matter will be generated from direct use of diesel, petrol and other fossil fuels. As the Group neither move goods around nor own a large vehicle fleet, there are no significant uses of logistics and, hence, our petrol and other fossils fuel consumption are insignificant and are not reported herein.

The table below recorded and compared the 2021 Reporting Period and the 2020 Reporting Period's resultant air pollutant emissions:

| | | Year ended 31 December | | |
|---|---|---|---|---|
| **Items of emissions** | **Unit** | **2021** | 2020 | **Changes** |
| $CO_2$ indirect emission | | | | |
| — Singapore | Tonnes | 22.30 | 21.07 | +5.86% |
| — Vietnam | Tonnes | 36.29 | 54.93 | –33.93% |
| **Total ($CO_2$)** | **Tonnes** | **58.60** | **76.00** | **–22.90%** |
| Intensity | | | | |
| — $CO_2$/employee in Singapore | Kilograms | 275.37 | 280.93 | –1.98% |
| — $CO_2$/employee in Vietnam | Kilograms | 465.27 | 742.24 | –37.32% |

Compared to the 2020 Reporting Period, there is a drastic fall in $CO_2$ emission of approximately 34% in Vietnam owing to the implementation of work from home policy in the Vietnam office as a COVID-19 disease prevention measure in order to minimise human contact especially in congested public transports when commuting to the office. Nonetheless, we target to lower the $CO_2$ emissions by 2–3% for the coming year by implementing various energy use efficiency initiatives stated in Section A2(i).

*(ii)* ***Water Pollution and Discharge***

Since most of our operation and activities are carried out within an office environment, polluted water generated is immaterial, if any. On the other hand, fresh water used in our offices are provided and discharged through the respective centralized water supply and discharge network in each of our 3 offices. As the water consumption fees are included in the office management fees, we therefore do not have the water consumption data for the Vietnam offices. For water pollution and discharge by the Singapore office, we took as the volume of water consumption which stated in Section A2(ii).

*(iii)* ***Hazardous and Non-hazardous Wastes Discharge and Disposal***

The Group is principal engaged in the provision of consultation services, which only produce general office wastes such as used paper, office stationery items and domestic wastes. Most of these wastes are non-hazardous. However, a small and insignificant amount of hazardous wastes such as printer toner cartridges, ink boxes and batteries are generated. They are collected regularly by qualified collectors, who will dispose them in an environmentally friendly way. The table below recorded and compared the 2021 Reporting Period and the 2020 Reporting Period's resultant paper usage:

| | | Year ended 31 December | | |
|---|---|---|---|---|
| **Non-Hazardous Waste (Paper)** | **Unit** | **2021** | 2020 | **Changes** |
| — Singapore | Pieces | 73,430 | 60,994 | +20.39% |
| | Tonnes[1] | 0.048 | 0.040 | +20.39% |
| — Vietnam | Grams/Pieces | 195 | 141,500 | –99.79% |
| | Tonnes[1] | 0.000 | 0.092 | –99.79% |

*Note 1: Conversion factors for paper are based on data published by Conversion.org.*

During 2020 Reporting Period, the Singapore office implemented "split team arrangement", of which part of the employees in the Singapore office was working from home and part of the employees was working in the office, to reduce physical interactions amongst employees and so reducing the risk of spreading COVID-19 disease. During 2021 Reporting Period, more employees are working in the Singapore office, and as a result, leading to an increase of approximately 20% in paper wastes during the year. On the contrary, Vietnam office implemented work from home policy and encourage employees to use paper efficiently to foster a paperless work environment during 2021 Reporting Period, resulting a very low paper wastes during the period.

During the 2021 Reporting Period, the Group had no non-compliance or warning notices or fines or disputes in relation to hazardous and non-hazardous air emissions and wastes disposal and polluted or clean water discharges.

### (iv) *Mitigation Measures and Reduction Initiatives*

The Group does not generate much hazardous and non-hazardous emissions and discharges. However, as a responsible corporation, we are conscious of the effects our operations and activities may have on the environment and we are constantly working on maximizing energy efficiency and minimizing waste generation, disposal and discharges. We have fully complied with all applicable environmental laws, rules and regulations and industrial standards in the markets we operate in.

To combat global warming and to reduce the generation of air emissions, pollutants and solid wastes disposal, we aim to reduce our electricity consumption by introducing measures to achieve that end. For example, we advise our staff to turn off all unused electrical appliances when our offices are not in use, to use natural ventilation to replace air-conditioning in allowable conditions, and not to set the temperature settings of all air conditioners to lower than 25°C under normal conditions.

The Group has also invested in energy saving tools and equipment, such as energy-saving copiers and computers, installation of LED lights, encouraging our employees to use teleconferencing to reduce their travels and to use public transport to commute to and from work in the city.

## A2. Use of Resources

Given the nature of our business operations and activities, we only consume electricity, fresh water, printing paper and ink. We are conscious of our responsibility to conserve natural resources. We have approved and implemented clear environmental policies and measures with the target of establishing a green practice by producing no pollution and conserving scarce resources. Our usage of electricity, printing paper and water during 2021 are reported below:

### (i) *Electricity Consumption*

Electricity is sourced from the city grid line which is the only source of energy used for our offices' daily operations and activities. The table below recorded and compared the 2021 Reporting Period and the 2020 Reporting Period's resultant electricity consumption:

| | | Year ended 31 December | | |
|---|---|---|---|---|
| **Electricity Consumption by Operation** | **Unit** | **2021** | 2020 | **Changes** |
| — Singapore | kWh | 54,668.48 | 51,577.47 | +5.99% |
| — Vietnam | kWh | 39,749.00 | 60,160.00 | –33.93% |
| **Total** | **kWh** | **94,417.48** | **111,737.47** | **–15.50%** |
| Intensity | | | | |
| — kWh/employee in Singapore | | 674.92 | 687.70 | –1.86% |
| — kWh/employee in Vietnam | | 509.60 | 812.97 | –37.32% |

Compared to the 2020 Reporting Period, the increased in the total consumption of electricity in Singapore was due to the increase in employees working in the Singapore office during the 2021 Reporting Period. On the other hand, the decrease in electricity consumption in Vietnam was due to the implementation of work from home policy during the 2021 Reporting Period.

*Energy Use Efficiency Initiatives and Results Achieved*

During our operations and activities, we encouraged our employees to use electricity efficiently and in an environmentally friendly manner, which includes:

- Turning off electrical appliances, lights when not in use;
- Installing and using energy-saving electrical appliances; and
- Controlling heating and cooling devices with time and temperature controls.

For the coming year, we will continue to encourage and monitor our employees on energy saving practices, and target to lower the electricity consumption by 2–3%.

***(ii) Fresh Water Consumption and Sourcing***

We use fresh water mainly for our employees' daily drinking, general cleaning and hygiene needs. All our offices use fresh water supplied from the cities' central water supply network.

As explained in the aforementioned "Water Pollution and Discharge" section of this annual report, the Vietnam offices water consumption data was not available, we can only compile and analyse the Singapore office water consumption result.

The table below recorded and compared the 2021 Reporting Period and the 2020 Reporting Period's resultant water consumption:

| Water Consumption in Singapore | Unit | Year ended 31 December<br>2021 | <br>2020 | <br>Changes |
|---|---|---|---|---|
| — Singapore | $m^3$ | 270.00 | 278.40 | –3.02% |
| Intensity ($m^3$/employee) | | 3.33 | 3.88 | –14.2% |

*Energy Use Efficiency Initiatives and Results Achieved*

We advised our employees to use fresh water efficiently and avoid excessive usage of fresh water as it is one of the most important and scarce resources on our planet. In addition, we constantly inspect to ensure all water supply lines in our offices are in good condition, that all the water taps are turned off when not in use, and check and immediately fix any water leakage. For the coming year, we will continue to encourage our employees to save fresh water consumption with a target to reduce 1–2% fresh water consumption.

***(iii) Paper and Packaging Materials and Other Raw Materials Consumption***

Apart from printing paper, the Group does not consume much packaging materials and other raw materials and did not generate hazardous waste.

*Energy Use Efficiency Initiatives and Results Achieved*

To save paper consumption, we have implemented the following measures in all our offices:

- Avoid unnecessary printing and print on both sides;
- Use recycled papers and reuse paper-made products such as envelops and folders;
- Replace the use of papers by sharing and storing information and documents in electronic formats; and
- Adopt company-wide cloud based working environment to reduce the need of printed documentation.

For the coming year, we target to reduce the overall group paper consumption by 2–3% through the initiatives.

## A3. The Environment and Natural Resources

The Group's business operations and activities do not create significant environment impact and hazard. We have implemented our "Green Environmental Policy" and have complied with all national and local environmental laws, rules and regulations, and industry standards. However, as a responsible corporation and to save costs, the Group aims to conserve resources used in the operations of its business, and enforce measures to reduce energy, fresh water, and paper consumptions. We promote environmental education and advocacy amongst our employees to motivate environmental-friendly behaviors across our organization. The management considers that resources conservation is a continuing practice, which will benefit the environment and our operations over time.

For the 2021 Reporting Period, the Group did not receive any warning or complaint notice from any governmental environmental agencies, clients or business partners for the violation of any environmental rules and regulations, polluting the environment or causing any environmental troubles. For the coming year, we will continue to strive to achieve zero complaint for pollution issues.

## A4. Climate Change

After communication with the stakeholders and reviewing of the Group's operations and activities in light of the current global environmental conditions, the Management Team identified that global warming and conservation of fresh water will be the most significant climatic issues that may impact the Group. These two climatic issues not only affect the operation costs of the Group, they will also affect the environmental conditions on our civil and engineering works.

Nowadays, it is generally agreed that global warming is mainly caused by the excessive release of carbon dioxide and its non-hazardous equivalents including nitrous oxide and methane (the "**$CO_2e$**") into the atmosphere, which is directly and indirectly the result of using fossil fuels for transportation and electricity generation. For the 2021 Reporting Period, although the Group's operations and activities did not directly generate any $CO_2e$ emission, the Group indirectly generated $CO_2$ through the use of electricity. We have implemented policies and measures, explained in aforementioned paragraphs, to use electricity efficiently to reduce $CO_2$ emissions. Furthermore, we have supported reforestation and implemented a less-paper office to curb our contribution to global warming.

Regarding the conservation of fresh water, the Group has taken measures to encourage employees to conserve the use of water in order to reduce its consumption.

The Group's other major contribution to climate change is that we are renowned for designing and developing green buildings and projects. Some of these buildings and projects have been awarded recognitions by authoritative organizations for its environmental friendliness and sustainability, such as from the Building and Construction Authority (BCA) of Singapore.

The Group is certified to practice our consultancy in accordance to ISO14001: 2015 Environment Management System in both Vietnam and Singapore, and has been constantly advocating our developer clients to adopt energy efficient guidelines in designing and building their real estate projects into 'Green' buildings.

For the 2021 Reporting Period, the Group's business operations and activities did not lead or participate in any events or issues that might impact the climate or result in the change of the climate significantly. The Group also has already taken measures to lower indirect $CO_2$ emission and fresh water consumption for the coming year.

## B. Social Areas and Aspects

### *2.1 Social Areas Overview*

*Introduction*

The Group spares no effort to contribute to the development of a harmonious society and building a mutually beneficial relationship with our stakeholders including employees, customers, suppliers, professional services providers, local communities as well as the governing authorities. Throughout the formulation and implementation of our ESG strategies, policies, rules and regulations, we incorporated our long and short term goals with due considerations of the stakeholders and the society. We act in an honest and transparent way with mutual respect and believe that our sincere acts will ultimately benefit the stakeholders and general society.

### *2.2 Employment and Labor Practices Aspects*

The Group's business development and growth relies heavily on the commitment, passion and skills of its employees. We view our employees as our most valuable assets. We are committed to complying with all the laws, rules and regulations applicable to the employment and talents management in Singapore and Vietnam.

One of our core values is to pursue growth and lifelong learning for our engineers and other staff. To that end, we endeavor to provide a safe, healthy and equitable working environment, as well as equal opportunities to all employees on recruitment, promotion, compensation and benefits. We strive to strengthen our human resources management with employees-oriented policies to encourage motivation and innovation among our employees so that they are the most competitive talents in our industry. On the other hand, we introduced policies to protect the interests and legal rights of the employees, which we believe will create a positive, constructive and harmonious relationship with our employees.

In relation to the hiring process, the Group adopts and strictly adheres to an equal opportunity policy in the hiring process. All new vacancies are open to all candidates and no candidate will be subject to discrimination based on religion, gender, age and disability, and will be selected based upon their qualifications, skill and competency.

During the 2021 Reporting Period, the Group honoured all of its obligations with regards to paying the salaries and wages, statutory benefits and agreed benefits under the employment contracts entered into. The Group did not have any labour disputes during the 2021 Reporting Period.

## B1. Employment

### *(i) Employment Mix*

As at 31 December 2021, the Group employed a total of 159 employees, among which 157 are full-time staffs and 2 are part-time staffs. Further analysis of the Group's employment situations for the 2021 Reporting Period and 2020 Reporting Period are summarised as below:

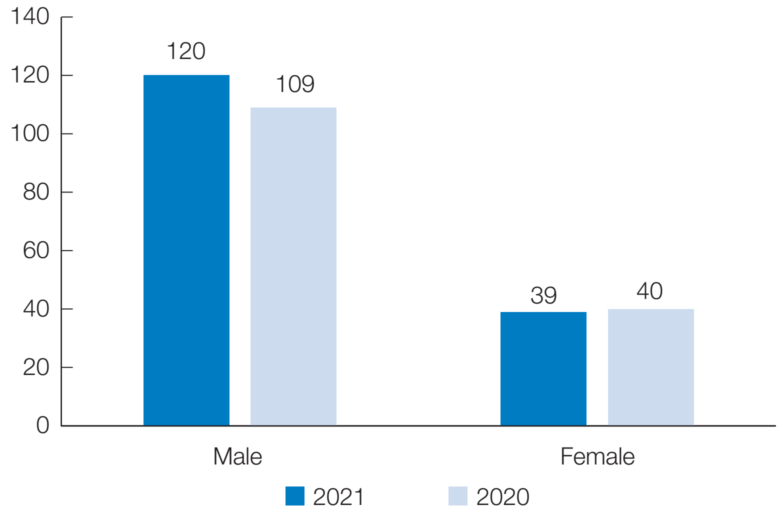


*Figure 1: Number of Employees by Gender*

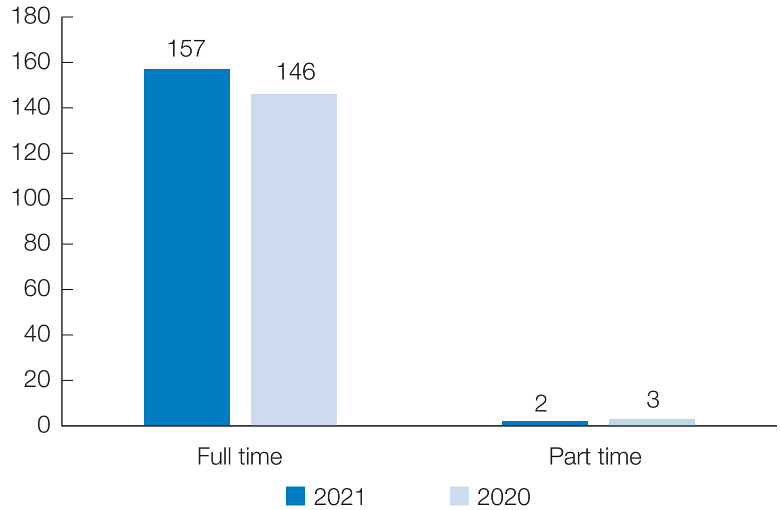


*Figure 2: Number of Employees by Employment Type*

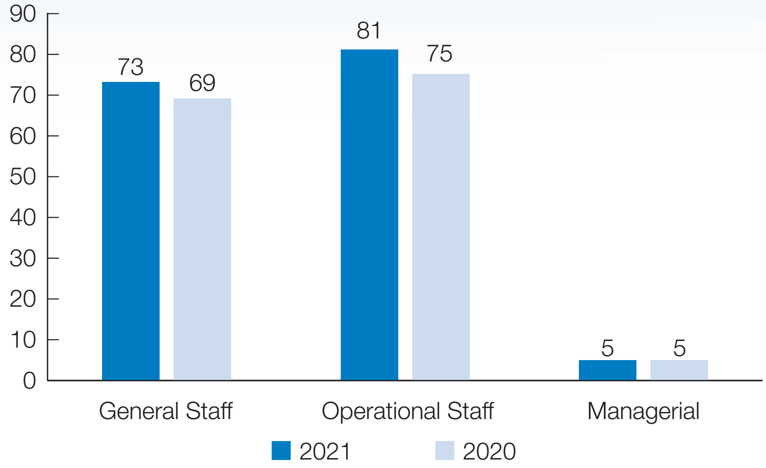


*Figure 3: Number of Employees by Employee Category*

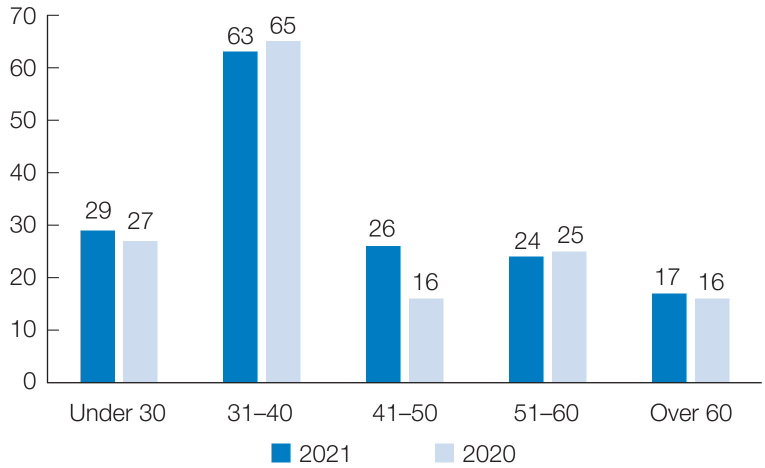


*Figure 4: Number of Employees by Age*

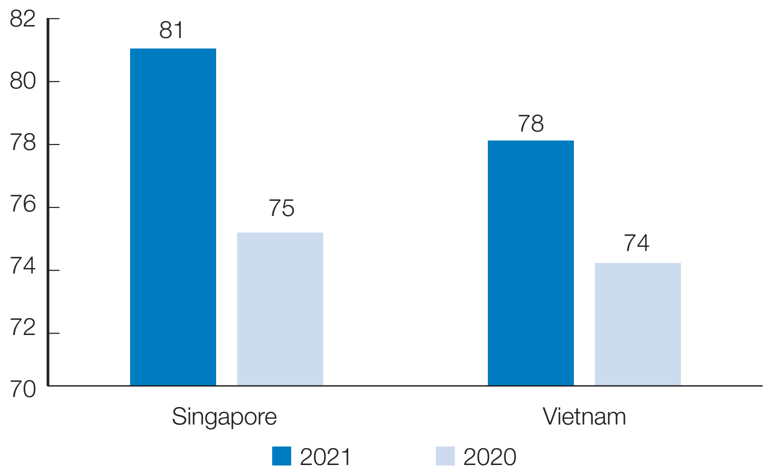


*Figure 5: Number of Employees by Geographical Region*

*(ii)* ***Employment Turnover***

As at 31 December 2021, the Group had 28 employees whom voluntarily left. Below is the breakdown of the employment turnover by gender, age group and geographic region:

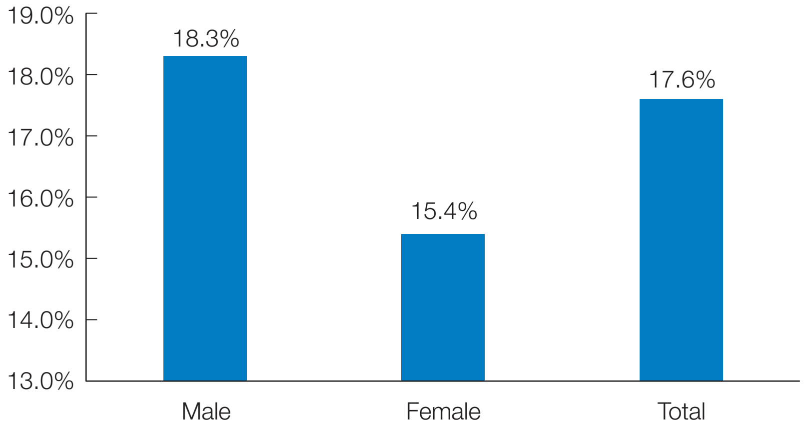


*Figure 6: Employee Turnover Rate by Gender*

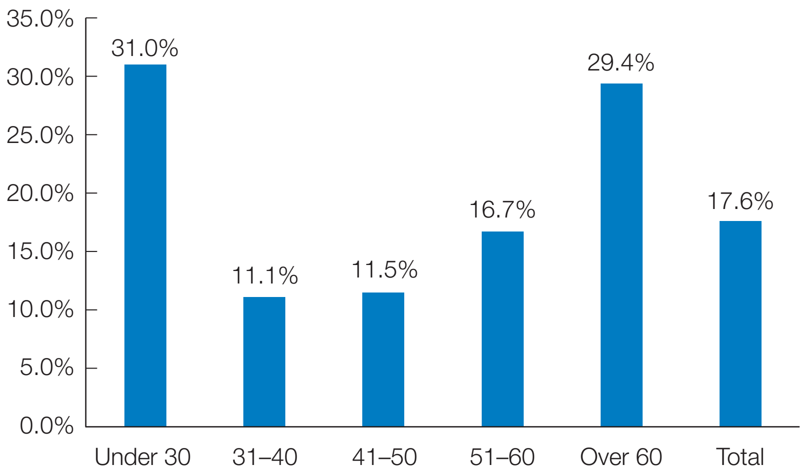


*Figure 7: Employee Turnover Rate by Age*

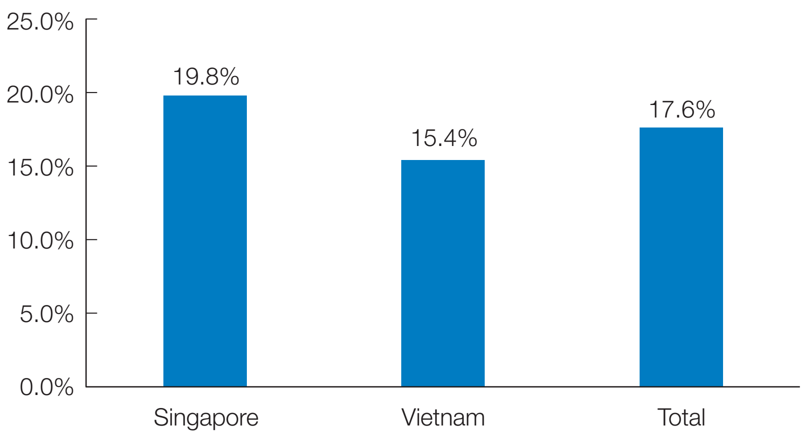


*Figure 8: Employee Turnover Rate by Geographic Region*

For our civil and engineering consulting business, the staff turnover rate is normally higher than other industries because most of the staff are specialised skill professionals and their jobs are affected by the volume of business and tailor-made to specialised projects. When a specialised project is completed and no other similar specialised project on hand, the specialised skill professional will normally move to other firms.

Despite the tailor-made nature of the skills to the jobs, we will implement the following measures to reduce the employee turnover rate:

- Hire the right employees by improving the talent search and match process;
- Offer competitive pay and compensation to the right employees;
- Enhance the skills of the employee so that a wider scope of works can be performed; and
- Develop career path for young and up-coming employees.

***(iii) Employee Compensation & Package***

The Group's employment policies, rules and regulations, and contractual arrangements are subject to and in strict compliance with respective local relevant laws, rules and regulations relating to employment, including but not limited to the Employment Act ("**EA**") and Central Provident Fund Act ("**CPFA**") of Singapore and the Labour Laws of Vietnam. The EA and CPFA and the Labour Laws, set out the basic terms and conditions at work for employees in Singapore and Vietnam such as payment of salary, paid public holidays, sick leave and maternity leave, rest days, hours of work and other conditions of service such as compensation and dismissal, social, health, unemployment and industrial accident insurance, recruitment and promotion, performance assessment, other benefits and welfare, equal opportunities, diversity, anti-discrimination, etc.

Employees' remunerations are determined with reference to the prevailing market level in line with their competency, qualifications and experience. Discretionary bonuses of such amounts and at such intervals for internal employees will be rewarded at the discretion of the top management with consideration on the performance of the employees. The Group provides and maintains statutory benefits to all qualified employees in accordance with the requirements of the EA and CPFA of Singapore and Labour Laws of Vietnam, and other applicable laws (e.g. Skills Development Levy Act) where appropriate, including but not limited to central provident fund, mandatory provident fund, social security insurance, medical insurance, industrial accident insurance and compensation and statutory holidays.

In summary, the Group continues to follow the adopted employment policies, practices and procedures in relation to recruitment, promotion, dismissal, and anti-discrimination with the purpose to build a fair and equitable work environment for all, regardless of age, gender, family and marital status, sexual orientation, ethnicity, and religion and other characteristics. We proactively promote team spirit and mutual respect in all our offices to encourage employees to communicate open-heartedly which will drive innovation and create win-win relationships.

For the coming year, the Group is confident in maintaining a stable work force without much disruption to our project works.

**B2. Health and Safety**

The Group aims to ensure that there are zero occupational accident for its employees. Thus, it maintains a safe working environment in its offices to prevent employees from injuries and accidents and adopts an "employee oriented" human resources policies which aim to provide a happy, harmonious, safe and healthy working environment to minimize the risk of any occupational hazards. Work safety rules and policies are in all material aspects in compliance with all the relevant laws, rules and regulations relating to safety and health requirements of Singapore and Vietnam. The Group has also provided regular occupation safety trainings to employees to perform their jobs safely.

Whenever an accident takes place, the manager of the respective office, who is authorised to take immediate medical rescue operation without any delays will be informed immediately and at the same time to notify the Human Resources manager. Our Human Resources manager will immediately review all the insurance policies, procedures and process to ensure sufficient protection is provided to the accident struck staff.

In accordance to and compliance with the statutory requirements of Singapore and Vietnam, the Group provides general medical insurance and adequate level of accident insurance to employees in Singapore. While in Vietnam, the Group provides statutory insurance coverage including: Social Insurance, Health Insurance, Unemployment Insurance and Industrial Accident Insurance — Occupational. These policies and insurance compensation cover all qualified employees to protect their safety and health against occupational hazards, accidents and sickness. The Group organises work safety and occupational trainings to employees on a regular basis. The Group has also equipped the offices with all the required safety equipment and facilities and has passed all governmental safety inspections.

The Group is committed to providing employees with a healthy and safe working environment. During the peak of the COVID-19 pandemic, the Group has taken measures to safeguard the health of its employees. Surgical masks and hand sanitisers were distributed to employees; it was also made sure that enough hand wash and hand sanitisers were placed in washrooms to protect the health and safety of its employees. Besides, office partitions were installed to maintain a safe distance.

The Group had zero work-related fatalities in the past three years including the 2021 Reporting Period in any of our operations. Furthermore, during the 2021 Reporting Period, same as the 2020 Reporting Period, zero lost days due to work-related injuries was recorded, and the Group does not have any history of claim or dispute arising from health or safety matters.

**B3. Development and Training**

The Group recognises that human capital is a critical element of our businesses. Therefore, the Group values the contribution of its employees and is willing to invest and offer training and development to enhance their skills and capabilities.

In relation to development and training, the Group established a series of internal training programs in areas of occupational safety, technical skills, environment protection, internal knowledge, etc., to ensure employees have received the minimum level of training in 2021. For senior managers, opportunities to attend external training programs/workshops/seminars are provided to strengthen the consciousness of enterprise management.

During the 2021 Reporting Period, 6.29% and 1.89% of the Group's employees were trained internally and externally, respectively. On average, each internally trained employee completed 0.63 hours of training hours and each externally trained employee complete 0.42 hours of training hours. Below is the breakdown of the Group training to employees:

| Training (No. of employees) | | Internal | External |
|---|---|---|---|
| **Total employee trained** | 2021 | 6.29% | 1.89% |
| | 2020 | 9.40% | 36.91% |
| **Male** | 2021 | 50.00% | 0.00% |
| | 2020 | 50.00% | 80.00% |
| **Female** | 2021 | 50.00% | 100.00% |
| | 2020 | 50.00% | 20.00% |
| **Managerial** | 2021 | 0.00% | 0.00% |
| | 2020 | 0.00% | 0.00% |
| **Operational** | 2021 | 90.00% | 33.33% |
| | 2020 | 100.00% | 15.09% |
| **General** | 2021 | 10.00% | 66.67% |
| | 2020 | 0.00% | 84.91% |

| Average Training (Hours) | | Internal | External |
|---|---|---|---|
| **Total employee trained** | 2021 | 0.63 | 0.42 |
| | 2020 | 0.88 | 1.11 |
| **Male** | 2021 | 0.42 | – |
| | 2020 | 0.60 | 1.22 |
| **Female** | 2021 | 1.28 | 1.72 |
| | 2020 | 1.64 | 0.83 |
| **Managerial** | 2021 | – | – |
| | 2020 | – | – |
| **Operational** | 2021 | 1.11 | 0.74 |
| | 2020 | 1.75 | 0.32 |
| **General** | 2021 | 0.14 | 0.10 |
| | 2020 | – | 2.06 |

The Group is committed to providing training to our employees as evidenced by the number of both internal and external trainings, as well as the number of employees trained and training hours. In the coming year, the investment and training programs will increase as compared to the 2021 Reporting Period.

**B4. Labor Standards**

The Group strictly complies with all the relevant laws, rules and regulations including but not limited to the EA and CPFA of Singapore and the Labour Laws of Vietnam and adopts the respective national standards as its minimum labor standard on labor protection and welfare. The Group maintains strict compliance with the laws in relation to equal employment opportunities and prevention of child or forced labor including recruitment, dismissal, promotion, leave, holidays, benefits as well as ensuring equal employment opportunities to all genders, ages, races and religions. The Group is also against any form of child or forced labor. As a legal formality, the Group maintains the private files of the employees on a confidential basis.

For the 2021 Reporting Period, the Group honoured all its obligations towards its employees and built a safe, healthy, harmonious and pleasant working environment in all our offices, and no labor disputes or litigations were reported.

***2.3 Operation Practices Aspects***

**B5. Supply Chain Management**

During the 2021 Reporting Period, same as the 2020 Reporting Period, the Group engaged 15 major suppliers. Given the nature of our business operation, the Group only needs to purchase general office stationery and supplies, and information technology software and hardware. The former purchases are small in term of quantity and amount compared to the total operating expenses, and they are mostly sourced from local suppliers out of convenience and to support local economy. While the latter purchases involve patent and intellectual property rights, if the required information technology software and hardware can be supplied by a local agency, we normally procure locally, otherwise we will purchase the same from overseas.

Our finance and accounting department is responsible for general purchases. After the related division manager signs a purchase request form and the dollar amount of the purchases are within a certain approved limit, the finance department will proceed to procure the purchases accordingly. If the approved limit is exceeded, the office general manager will be required to co-sign the form to signal his approval. With respect to the process of purchasing, it is normal practice to seek quotations from 2 to 3 suppliers to compare and ensure that the purchases transactions are fair and reasonable. The main considerations when deciding between suppliers are quality and fair pricing.

Furthermore, the Group tries to purchase items which are environmentally friendly and legally compliant. In short, the Group does not see that its purchases will pose any environmental and social risks to the society at large.

**B6. Product Responsibility**

Product responsibility refers to the quality of the products and services provided in relation to health and safety, advertising, labelling and privacy matters. Our operations and activities do not involve production of any physical product, the key product responsibilities are therefore on providing the highest level of consultancy services and designs that meet clients' needs, maintaining the impartiality in our suggestions and protecting the clients' confidentiality.

To guarantee the quality of our consultancy services, the primary factor is to have highly competent and experienced professionals who perform their tasks with due care and diligence. For any designs and written documents and reports, we carry out a peer review by a third-party procedure to ensure that the highest quality of the services is provided before delivery to the clients.

The Group has obtained the following certifications:

- TW-Asia (Singapore Subsidiary) is listed on the PSPC, Building and Construction Authority, Singapore
- Construction Eligibility Certificate — Civil and Structural Consultancy Service of Buildings, Road Bridge Works, and Technical Infrastructures, Class I by Ministry of Construction
- ISO 9001: 2015 Civil & Structural Engineering Services
- ISO 14001: 2015 Environmental Management System

And as an endorsement to the level of services we provide, the Group received the following recognitions:

| Year | Recognitions |
|---|---|
| 2019 | BCA Construction Productivity Awards — Advocates (Consultant) Gold Award, Singapore |

For the 2021 Reporting Period, the Group did not receive any complaints or claims regarding the quality of the services and will continue to provide and maintain top quality services to its clients in the coming years ahead.

***Intellectual Property Rights***

With regards to intellectual property rights ("**IPR**"), the Group respects and strictly complies with both national and international IPR related laws and regulations. We stipulate that all our software must be purchased from the patent right holders or their authorised agents. No copy is allowed to be installed for use. We adopt the utmost measures to safeguard the confidentiality of company information as well as that of our clients. Our employees are all prohibited, whether during employment, or after, irrespective of the circumstances of termination, to disclose to any other person, firm, company, press, media, or association any confidential information of the Group's potential, actual or past clients. Employees are to return to the Group all confidential and proprietary information upon their termination. Failure to comply with this obligation may be treated by the Group as gross misconduct for which the employee may be liable for summary dismissal.

During the 2021 Reporting Period, the Group discovered their patent was infringement by a third party (the "**Incident**"). The third party has exploited the Group's patented process without our consent. The Group immediately sent an intellectual property cease and desist letter to the third party to require them to stop and discontinue the infringing activity. However, the third party fails to respond appropriately by the given timeline. As at the date of this report, the Board of the Group together with the Group's Singapore legal adviser (the "**Singapore Legal Adviser**") are closely monitoring the progress of the Incident, assessing the remedies, and the Group will take all necessary actions, include taking legal action against the third party to protect the interests of the Group and all the stakeholders of the Group.

Further announcement(s) will be made to keep the shareholders of the Group and the public informed of the development of the Incident in accordance with the Listing Rules and applicable laws and regulations as and when necessary.

***Privacy Protection***

The Group's business operations generate large volumes of private confidential and sensitive information of our clients and their business partners, including the architectural and engineering designs, trade secrets, proprietary information, financial information, commercial terms of contracts, etc. Such kind of information are extremely sensitive and important, and by law must be protected. The Group is fully aware of this obligation and has taken measures to ensure safe keeping of these information.

The Group enforces strict policies to prohibit our employees from accessing and/or disclosing any such information without approval from management. All employees are obligated to sign and to strictly follow the articles in the Confidentiality Agreement, which is an integral part of the employment contract. Legal action may be taken against any privacy violation. We have also implemented and enforced management rules on information technology covering protection procedures for information security as well as handling processes and application procedures. The Group applies the latest information technologies to continuously, where possible, monitor, maintain and update all hardware, software and security systems to prevent unauthorised access and hacking attacks to our information systems at any time.

For the 2021 Reporting Period, there were no cases filed against us nor any complaints received, regarding any breach of relevant privacy laws, regulations and policies in any jurisdiction in which we operated and the Group will continue to implement measures to secure privacy and confidential information at the safest level.

**B7. Anti-Corruption**

Anti-corruption is a material aspect to all stakeholders. The Group recognises its social responsibility to safeguard the assets and interests of all our stakeholders including investors, adopting a zero-tolerance approach to bribery, extortion fraud, and money laundering crimes. We implement clear internal-control policies and well-structured business processes, along with the highest degree of integrity, honesty and impartiality in all our business activities. All our employees and suppliers must follow our strict policies on ethical standards/business integrity that prohibits bribery and corruption in any form. This policy has been effectively communicated to all our employed staff in all jurisdictions we operate. It is strictly prohibited and clearly stated in our employment contracts to offer, give, demand or accept any undue advantage, such as money, favors, gifts, discounts, services, loans, contracts to or from any person, including the clients, contractors, suppliers in order to obtain or retain business or other improper advantage.

We offered anti-corruption training to employees by internal training. For the 2021 Reporting Period, the Group did not have any bribery or corruption cases reported, and we will not allow such cases from happening in the coming years.

**B8. Community Investment**

Since the situation of COVID-19 outbreak and the number of confirmed cases in Singapore and Vietnam have increased dramatically since May 2021. Our Group was adversely affected by the COVID-19 pandemic, so we suspended the community investment. We fully understands its social obligations and is willing to contribute back to the local community, society and the global environment whenever possible. The Group has implemented measures with an objective to reduce hazardous and non-hazardous air emissions and wastes discharges and continues to find ways and to implement measures to reduce air emissions and wastes discharge. Furthermore, the Group supported the local communities by prioritising its purchases with the local suppliers and sponsoring the employees to participate in the volunteering and charity events.

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintaining and achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules.

The Board is of the view that throughout the period from the Listing Date to 31 December 2021, except Provision C.2.1 of the CG Code as disclosed below, the Company has complied with all the code provisions as set out in the CG Code.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules in respect of securities transaction by directors (the "**Required Standard**").

Specific enquiry has been made to all Directors and the Directors have confirmed that they have complied with the Required Standard throughout the period from the Listing Date to 31 December 2021.

The Company has also extended the coverage of the Required Standard adoption to the senior management of the Company who are likely to be in possession of unpublished price-sensitive information of the Company (the "**Relevant Employees**"). No incident of non-compliance of the Required Standard by the Relevant Employees was noted by the Company.

## BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review whether a Director perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

# Corporate Governance Report

## Board Composition

The Board currently comprises the following Directors:

**Executive Directors**

| | |
|---|---|
| Mr. Wong Seng | (Chairman of the Board, Chief Executive Officer, Compliance Officer and Member of the Remuneration Committee) |
| Ms. Leow Geok Mui | (Member of the Nomination Committee) |
| Mr. Lim Chin Keong | |
| Mr. Heng Kim Huat | |

**Independent Non-executive Directors**

| | |
|---|---|
| Dr. Tan Teng Hooi | (Chairman of the Nomination Committee and Member of the Audit Committee and the Remuneration Committee) |
| Mr. Leong Jay | (Chairman of the Remuneration Committee and Member of the Audit Committee and the Nomination Committee) |
| Mr. Ng Shing Kin | (Chairman of the Audit Committee and Member of the Remuneration Committee and the Nomination Committee) |

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 41 to 44 of this annual report.

All Directors have appropriate professional qualifications or substantive experience and industry knowledge. The Board as a whole has achieved an appropriate balance of skills and experience. The composition of the Board is in accordance with the requirement of Rules 5.05 and 5.05A of the GEM Listing Rules.

## Chairman and Chief Executive Officer

Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wong Seng is the chairman of the Board and the Chief Executive Officer. In view that Mr. Wong Seng has been operating and managing the Group since its foundation, the Board believes that it is in the best interest of the Group to have Mr. Wong take up both roles for effective management and business development. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors. Therefore, the Board considers that the deviation from provision C.2.1 of the CG Code is appropriate in such circumstance.

## Independent Non-executive Directors

During the period from the Listing Date to 31 December 2021, the Board at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The participation of independent non-executive Directors in the Board brings a diverse range of expertise, skills and independent judgment on issues relating to the Group's strategies, performance, conflicts of interests and management process to ensure that the interests of all shareholders of the Company have been duly considered.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

## Appointment and Re-election of Directors

Each of Mr. Wong Seng, Ms. Leow Geok Mui, Mr. Lim Chin Keong and Mr. Heng Kim Huat entered into a service agreement with the Company on 20 June 2019 for an initial period from 20 June 2019 to the Listing Date and three years from the Listing Date. All of these service agreements may be terminated earlier by no less than three month written notice served by either party on the other.

Each of Dr. Tan Teng Hooi, Mr. Ng Shing Kin and Mr. Leong Jay signed a letter of appointment with the Company for an initial term of three years commencing on the Listing Date. All of these service agreements may be terminated earlier by no less than three month written notice served by either party on the other.

According to the Articles of Association of the Company (the "**Articles**"), one-third of the Directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors should be eligible for re-election at the relevant AGM. In addition, any new Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of shareholders after his/her appointment, whereas any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM. The retiring Directors shall be eligible for re-election.

## Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides directions to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

## Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors from the Listing Date and up to date of this report are summarised as follows:

| Directors | Types of training[Note] |
|---|---|
| **Executive Directors** | |
| Mr. Wong Seng | A,B |
| Ms. Leow Geok Mui | A,B |
| Mr. Lim Chin Keong | A,B |
| Mr. Heng Kim Huat | A,B |
| **Independent Non-executive Directors** | |
| Dr. Tan Teng Hooi | A,B |
| Mr. Leong Jay | A,B |
| Mr. Ng Shing Kin | A,B |

*Note:*

Types of training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences, forums and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications relating to the latest development of the GEM Listing Rules, other applicable regulatory requirements and directors' duties and responsibilities

# Corporate Governance Report

## BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

### Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Ng Shing Kin (Chairman), Dr. Tan Teng Hooi and Mr. Leong Jay.

The terms of reference of the Audit Committee are in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph D.3.3 of the CG Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process (including to understand the accounting policies and practises applied by the Group, to enquire management and external auditors regarding significant audit adjustments and unusual transactions, to discuss with the Board the material items in the financial statements, to request additional information regarding the accounts, and to ensure compliance with the GEM Listing Rules and legal requirements in relation to financial reporting), to review the financial information of the Group, to oversee the Group's financial controls, internal control procedures and management systems, and to review any material queries raised by the external auditor as to the management about accounting records, financial accounts or systems of control and management's response.

During the year ended 31 December 2021, there were five Audit Committee meeting held to review the financial results and reports and significant issues on the financial reporting, operational and compliance controls. The complete attendance record of individual committee member is set out in the table on page 37 of this annual report.

### Dividend Policy

The Group has adopted a general annual dividend policy (the "**Dividend Policy**") of declaring and paying dividends, whether interim, final and/or special, of approximately 10% of the net profit attributable to the shareholders of the Company in any financial year, taking into account the need for preserving sufficient capital for business development and providing the shareholders of the Company with reasonable returns for their investment. The determination to pay dividends is based upon factors including but not limited to the Group's actual and expected financial performance, retained earnings and distributable reserves, expected working capital requirements and future expansion plans, and any other factors that the Board may deem appropriate.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

## Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Leong Jay (Chairman), Dr. Tan Teng Hooi and Mr. Ng Shing Kin, and one executive Director, namely Mr. Wong Seng.

The terms of reference of the Remuneration Committee are in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph E.1.2 of the CG Code. The primary function of the Remuneration Committee is, among other things, to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration of directors and senior management of the Group.

During the year ended 31 December 2021, there was one Remuneration Committee meeting held to review the remuneration policy and structure of the Company and the remuneration packages of the Directors and senior management and other related matters. The complete attendance record of individual committee member is set out in the table on page 37 of this annual report.

Details of the remuneration of the Directors and senior management by band are set out in note 12 of the Notes to the Consolidated Financial Statements of this annual report.

## Remuneration Policy

The remuneration policy of the Group for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors and senior management members.

## Nomination Committee

The Nomination Committee consists of three independent non-executive Directors, namely Dr. Tan Teng Hooi (Chairman), Mr. Leong Jay and Mr. Ng Shing Kin, and one executive Director, namely Ms. Leow Geok Mui.

The terms of reference of the Nomination Committee are in compliance with paragraph B.3.1 of the CG Code. The Nomination Committee is mainly responsible for, among other things, reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the year ended 31 December 2021, there was one Nomination Committee meeting held to review the structure, size and composition of the Board. The Nomination Committee considered an appropriate balance of diversity perspective of the Board is maintained. The complete attendance record of individual committee member is set out in the table on page 37 of this annual report.

### Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year ended 31 December 2021, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Required Standard and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2021.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditors' Report" on pages 55 to 59 of this annual report.

## AUDITOR'S REMUNERATION

The remuneration paid to the external auditor of the Company, Messrs. HLB Hodgson Impey Cheng Limited ("**HLB**"), in respect of audit services and non-audit services for the year ended 31 December 2021 is set out below:

| **Service Category** | **Fees paid/ payable** SGD'000 |
|---|---|
| Auditor's Remuneration | |
| — audit service: | |
| annual audit services | 118 |
| | 118 |

## ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

The attendance record of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 December 2021 are set out in the table below:

| Name of Directors | Attendance/Number of Meetings | | | | | |
|---|---|---|---|---|---|---|
| | Board meetings | Audit committee meetings | Remuneration committee meetings | Nomination committee meetings | Annual general meeting | Other general meetings |
| Mr. Wong Seng | 4/4 | N/A | 1/1 | N/A | 1/1 | 0/0 |
| Ms. Leow Geok Mui | 4/4 | N/A | N/A | 1/1 | 1/1 | 0/0 |
| Mr. Lim Chin Keong | 4/4 | N/A | N/A | N/A | 1/1 | 0/0 |
| Mr. Heng Kim Huat | 4/4 | N/A | N/A | N/A | 1/1 | 0/0 |
| Dr. Tan Teng Hooi | 3/4 | 4/5 | 1/1 | 1/1 | 1/1 | 0/0 |
| Mr. Leong Jay | 4/4 | 5/5 | 1/1 | 1/1 | 1/1 | 0/0 |
| Mr. Ng Shing Kin | 4/4 | 5/5 | 1/1 | 1/1 | 1/1 | 0/0 |

## BOARD DIVERSITY POLICY

During the Year, the Board has adopted a policy to ensure Board diversity (the "**Board Diversity Policy**") and discussed all measurable objectives set for implementing the Board Diversity Policy.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

# Corporate Governance Report

The Company has developed and adopted a series of internal control policies, procedures and programs designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

The ultimate goal of the Company's risk management process is to identify and focus on the issues in its business operations that create impediments to the Company's success. The risk management process starts with identifying the major risks associated with the corporate strategy, goals and objectives. The key process points in the risk management include:

- Identify: The Company identifies current and emerging risks in its business operations and categorises those risks into a reasonable profile based on timeframe, likelihood, intensity and impact severity. The Company establishes four risk categories, including strategic risks, financial risks, operating risks and legal risks.

- Assess: The Company assesses and prioritises risks so that the most important risks can be identified and dealt with. Based on both qualitative and quantitative analyses, the Company prioritises risks in terms of likelihood and impact severity.

- Mitigate: Based on the assessment of (i) the probability and impact severity of the risks and (ii) cost and benefit of the mitigation plans, the Company chooses the appropriate option for dealing with risks, including risk elimination by suspending the associated business activities, risk reduction by adopting appropriate control measures, risk transfer by outsourcing or purchasing insurance policies, and risk acceptance by choosing to accept risks of low priority.

- Measure: The Company measures its risk management by determining if changes have been implemented and if changes are effective. In the event of any weakness in control, the Company follows up by adjusting its risk management measures and reporting material issues to the Directors.

All divisions conducted internal control assessment regularly to identify risks that can potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board all the findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2021.

The Company has engaged an external professional firm as the internal control adviser, CF Partners Limited (the "**Internal Control Adviser**") for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. The internal control adviser examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee. An assessment on our internal control systems has been examined by the internal control adviser. According to the results of the review, no material deficiency has been identified. We have adopted the internal control measures suggested by our internal control adviser to rectify the minor weaknesses identified by the internal control adviser in our internal control system.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

## COMPANY SECRETARY

The company secretary of the Company, Mr. Chan Kim Sun, confirmed that he has duly complied with the relevant professional training requirement and he has taken no less than 15 hours of relevant professional training to update his skills and knowledge during the year ended 31 December 2021.

## SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels and a shareholders' communication policy is in place to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

### Procedures for Shareholders to Convene an Extraordinary General Meeting

According to article 58 of the Articles, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### Procedures for Shareholders to Put Forward Proposals at General Meetings

If a Shareholder wishes to propose a person other than a retiring Director for election as a Director of the Company at a general meeting, pursuant to article 85 of the Articles, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's head office or the office of the Company's branch share registrar. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

# Corporate Governance Report

### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 28 Sin Ming Lane, #04–136 Midview City, Singapore 573972
(For the attention of the Board of Directors)

Fax: +65 6293 2196

Email: enquiry@tw-asia.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through AGMs and other general meetings.

During the year ended 31 December 2021, the Company has not made any changes to its Articles. An up to date version of the Company's Articles is also available on the Company's website and the Stock Exchange's website.

### Policies relating to Shareholders

The Company has in place a shareholders' communication policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has adopted a policy on payment of dividends pursuant to code provision F.1.1 of the CG Code that has become effective from the Listing Date.

## CONSTITUTIONAL DOCUMENTS

Except for the adoption of amended and restated memorandum and articles of association of the Company ("**M&A**") by the Company to comply with the applicable legal and regulatory requirements (including the GEM Listing Rules) on 29 November 2019 in anticipation of the Listing, there were no changes in the constitutional documents of the Company during the year ended 31 December 2021.

The amended and restated M&A is available on the respective websites of the Stock Exchange and the Company.

# Directors and Senior Management

## CHAIRMAN, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

**Mr. WONG Seng**, aged 69, was appointed as an executive Director on 20 June 2019. He is the founder of our Group and primarily responsible for the overall strategic planning, business development and corporation management of our Group and serving as a member of the Remuneration Committee.

Mr. Wong has over 40 years of experience in civil and structural engineering industry and he worked as an engineer for several multinational firms. He has been involved in various residential and commercial development projects in Singapore and other countries in Asia. Prior to joining our Group, from February 1990 to December 2004, Mr. Wong worked in T.Y. Lin International Pte Limited (formerly known as T.Y. Lin South-East Asia (Pte) Ltd), which was primarily carrying on the business of provision of professional engineering services, with his latest position as a principal. Mr. Wong became a director of Artus Consultancy Services Pte Ltd, our Group's operating subsidiary, and has been participating in day-to-day operations and business development of our Group since January 2005.

Mr. Wong obtained a bachelor of engineering from the University of Melbourne in April 1984. He is currently a Registered Professional Engineer and a Registered Accredited Checker in Singapore, a practising engineer in Vietnam, a chartered engineer in the United Kingdom and a chartered professional engineer in Australia. Mr. Wong was a member of the Sub-Committee for Practise of Professional Engineering Examination of the Professional Engineers Board Singapore from January 2009 to August 2012 and has been a member of the Investigation Panel of the Professional Engineers Board Singapore since February 2012.

## EXECUTIVE DIRECTORS

**Ms. LEOW Geok Mui** (also known as LIAO Yumei), aged 48, was appointed as an executive Director on 20 June 2019. She joined our Group since March 2005. She is primarily responsible for the overall strategic planning, overseeing our Group's regional business development and serving as a member of the Nomination Committee.

Ms. Leow has over 21 years of experience in construction project management, building design and engineering. Prior to joining our Group, she was a design engineer of the Housing Development Board of Singapore from June 1996 to March 1997 and a design engineer of K P Chai Engineering & Management Consultants from March 1997 to December 1999. She was an executive engineer of T. Y. Lin South-East Asia (Pte) Limited which was primarily engaged in business of provision of engineering services to infrastructure projects, since December 1999.

Ms. Leow obtained a bachelor of engineering in civil engineering in June 1996 and a master degree in international construction management in 2002, respectively, from Nanyang Technological University, Singapore. She has been a Registered Professional Engineer in Singapore since 2006 and a practising engineer in Vietnam since 2009. She has also been a member of the Association of Consulting Engineers in Singapore since 2006.

**Mr. LIM Chin Keong**, aged 43, was appointed as an executive Director on 20 June 2019. He joined our Group in July 2005. He is responsible for the overall strategic planning and management of our Group's business operation in Vietnam.

Mr. Lim has over 19 years of experience in construction industry. Prior to joining our Group, he was a structural engineer of T.Y. Lin International Pte Limited (formerly known as T. Y. Lin South-East Asia (Pte) Limited), which was primarily engaged in business of provision of engineering services to infrastructure projects, since May 2001.

Mr. Lim obtained a bachelor of engineering in civil engineering with first class honours from the University of Adelaide, Australia in December 2000. He has been a professional engineer in Malaysia and a Practising Engineer in Vietnam since 2011. He has been a member of the Institute of Engineers in Malaysia since 2009.

# Directors and Senior Management

**Mr. HENG Kim Huat**, aged 59, was appointed as an executive Director on 20 June 2019. He joined our Group in February 2011. He is primarily responsible for the overall strategic planning, management of our Group's business operations and supervising our Group's projects.

Mr. Heng has over 31 years of experience in construction project management, building design and engineering and had participated in the design and construction of various residential and commercial buildings in Singapore. Prior to joining our Group, from June 1986 to October 1990, Mr. Heng was a structural engineer of Ove Arup & Partners, which was a multinational corporation providing engineering, design, planning, project management and consulting services. From November 1990 to December 2007, he was a principal of T.Y. Lin International Pte Limited (formerly known as T.Y. Lin South-East Asia (Pte) Ltd), which was primarily carrying on the business of provision of professional engineering services. Mr. Heng was a principal of KK Lim & Associates Pte Limited, which was a consulting civil and structural engineering company based in Singapore from January 2008 until joining our Group in February 2011.

Mr. Heng obtained a bachelor of engineering in civil engineering in June 1986 from National University of Singapore. He has been a Registered Professional Engineer in Singapore since May 1997 and a member of the Institution of Engineers, Singapore since November 1997.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. TAN Teng Hooi**, aged 65, was appointed as our independent non-executive Director 20 June 2019.

Dr. Tan has more than 30 years of experience in civil engineering and related tertiary education. He is currently a fellow member of the Institution of Civil Engineers, United Kingdom, and the Institution of the Engineers, Singapore. He has been a chartered engineer in United Kingdom since 1986 and a Professional Engineers Board of Singapore since 1985. Also, he has been a member of various professional associations including but not limited to the Engineering Accreditation Board of Singapore, the Society of Project Managers, Singapore and the BCA Assessment Committee for Built Environment Leadership Awards. Dr. Tan became an Asean Chartered Professional Engineer in 2009. He had been working in Nanyang Technological University, Singapore for over 20 years since 1985 with his latest position as an associate professor. From October 2008 to September 2012, Dr. Tan worked in T.Y. Lin International Pte Limited (formerly known as T.Y. Lin South-East Asia (Pte) Ltd), which was primarily engaged in engineering design and consultancy activities, with his latest position as a senior principal and chief operating officer. He has also been an associate professor of Singapore University of Social Sciences (formerly known as SIM University) since December 2012.

Dr. Tan obtained a bachelor of engineering in May 1980 and a master degree of civil engineering in June 1984 from National University of Singapore. Dr. Tan obtained a doctor of philosophy degree from Nanyang Technological University in March 1998.

# Directors and Senior Management

**Mr. LEONG JAY**, aged 56, was appointed as our independent non-executive Director on 20 June 2019.

Mr. Leong has over 20 years of experience in the finance industry. He worked for Singapore International Monetary Exchange from 1994 to 1997 with his latest position as an assistant vice president. He worked as a vice president in Smith Barney (Hong Kong) Limited in 1997 and as a vice president in Salomon Brothers Hong Kong Ltd. in 1998. From 1999 to 2000, he worked as an associate director in Deutsche Bank. Since October 2001, he was the senior forex dealer of Credit Lyonnais. From June 2005 to January 2014, he worked for the Standard Chartered Bank with his latest position as the managing director and the head of global markets Singapore. He has been the director of Laveron Twin Asset Management Limited since November 2016 and is currently a partner of Dalconth Ventures Pte Ltd. since August 2017.

Mr. Leong obtained a bachelor of science in computer science from University of Texas in 1991 and a master degree of business administration in finance from University of Houston in 1993. He was appointed a member of the Professional Membership Committee of the Treasury Markets Association (TMA) in October 2010.

**Mr. NG Shing Kin**, aged 40, was appointed as our independent non-executive Director on 20 June 2019.

Mr. Ng has over 10 years of experience in audit and accounting. He has been a certified public accountant accredited by the Hong Kong Institute of Certified Public Accountants since 2012 and obtained a practising certificate since 2017. He has also been a certified financial risk manager admitted by the Global Association of Risk Professionals since 2008. From August 2008 to December 2013, Mr. Ng had worked for HLB Hodgson Impey Cheng Limited with his latest position as a senior accountant. He was then a senior associate of PricewaterhouseCoopers from December 2013 to October 2015. He has been the financial controller and company secretary of Royal Catering Group Holdings Company Limited, the shares of which is listed on GEM of the Stock Exchange (stock code: 8300), since November 2015. He has also been the company secretary of Ying Hai Group Holdings Company Limited, the shares of which is listed on GEM of the Stock Exchange (stock code: 8668), since February 2019. He has been a company secretary of WT Group Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8422), since March 2021.

Mr. Ng obtained a honours diploma in business administration from Hong Kong Shue Yan College in July 2005 and a master degree in business administration from the University of Louisiana, Monroe through long distance learning. In November 2007, Mr. Ng further obtained a postgraduate diploma in professional accounting from Hong Kong Baptist University.

## SENIOR MANAGEMENT

**Dr. NGUYEN Ngoc Ba**, aged 50, is a general manager of our Group and is responsible for the supervision on the day-to-day operation of our Group's business in our Vietnam office.

Dr. Nguyen has over 25 years of experience in construction industry in Vietnam. He joined our Group in November 2008. Prior to joining our Group, Dr. Nguyen worked for Vietnam Institute for Building Science and Technology (IBST), which is a state-owned institution under Vietnam government to set out the standards for structural engineering in Vietnam, since March 2004 with his latest position as the director of Institute for Basic Research and Standardisation.

Dr. Nguyen completed a doctor of philosophy degree in civil engineering from Nanyang Technological University, Singapore in February 2005.

# Directors and Senior Management

**Ms. FONG Kuan Yuet**, aged 39, is the chief financial officer of our Group responsible for handling accounting and financial matters of our Group.

Ms. Fong has over 10 years of experience in financial accounting. She joined our Group in July 2017. From August 2005 to June 2009, she worked in several accountants' and auditors' firms in Singapore with her latest position as audit senior. She then joined Mediacorp Pte Limited, a Singapore based media and entertainment company, until February 2015 with her latest position as financial manager. Prior to joining our Group, Ms. Fong was an assistant vice president of finance and tax of ST Asset Management Limited, a Singapore based company primarily engaging in business of provision of asset management services, from May 2015 to June 2017.

Ms. Fong completed the advanced diploma in commerce (financial accounting) from Tunku Abdul Rahman College, Malaysia in May 2005. She has been registered as a member of the Association of Chartered Certified Accountants (ACCA) since June 2012 and a member of the Certified Public Accountant (CPA) Singapore since 31 May 2019.

**Mr. NGUYEN Trung Hau**, aged 38, is an associate of our Group and is responsible for overseeing and coordinating our Group's projects in our Vietnam office.

Mr. Nguyen has over 10 years of experience as a design engineer, supervision engineer in the building and construction industry in Vietnam and has been a Practising Engineer in Vietnam since April 2012. He had worked various project design engineer in Singapore and Vietnam. Mr. Nguyen joined our Group in April 2010. Prior to joining our Group, he was a design engineer of Design & Investment Consultancy Co., Ltd. from June 2006 to October 2007 and a design engineer of International Construction & Investment Consultancy Co., Ltd., a Vietnam based company primarily carrying on the business of provision consultancy service from December 2007 to February 2010.

Mr. Nguyen obtained a bachelor of engineer from University of Architect HCMC Vietnam in July 2006.

## COMPANY SECRETARY

**Mr. Chan Kim Sun**, aged 40, was appointed as the company secretary of our Group on 14 January 2019 and is responsible for the corporate secretarial matters.

From October 2004 to March 2010, Mr. Chan joined HLB Hodgson Impey Cheng Limited, an established firm of certified public accountants as an accountant before being promoted as audit manager in April 2008. From August 2011 to September 2014, Mr. Chan served as finance controller and from September 2012 to September 2014 as company secretary of China Infrastructure Investment Limited, a company primarily engaged in properties investment, sale of natural gas as well as investment holding, and the shares of which are listed on the Stock Exchange (stock code: 600).

Mr. Chan is currently a non-practising member of the Hong Kong Institute of Certified Public Accountants and is a fellow of the Association of Chartered Certified Accountants. Mr. Chan graduated from the Hong Kong University of Science and Technology with a bachelor's degree in business administration majoring in accounting and finance in November 2003.

## COMPLIANCE OFFICER

Mr. Wong Seng is the Chairman, Chief Executive Officer, Executive Director and the compliance officer of our Company. Please refer to Mr. Wong's biography as disclosed in the paragraph headed "Directors and Senior Management" in this section of the annual report.

# Report of Directors

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

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in provision of civil and structural engineering consultancy services and provision of other services including master planning, structural due diligence and visual inspection of existing buildings.

## BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2021 is set out in the section headed "Management Discussion and Analysis" from pages 4 to 9 of this annual report.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to minimising the adverse impact to the environment caused by business operations. The Group also commits to the principle and practice of reducing and recycling. To help conserve the environment, it implements green office practices such as encouraging the use of recycle paper, printing of both sides, reducing energy consumption by switching off idle lights, air-conditioning and electrical appliances.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 60 of this annual report.

The Board does not recommend the payment of a final dividend for year ended 31 December 2021 (2020: Nil).

## SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2021, save as disclosed in the section headed "Material Acquisition or Disposal of Subsidiaries and Associated Companies" in this report, the Group did not hold any other significant investment (2020: Nil).

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2021, there had been no other material acquisition or disposal of subsidiaries or associated to the business operations of the Group (2020: Nil).

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 July 2022 to Thursday, 14 July 2022, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by relevant share certificate must be lodged for registration with the Company's share registrars in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Friday, 8 July 2022.

## USE OF PROCEEDS FROM THE SHARE OFFER

Details on the use of proceeds and the comparison of business objective with actual business progress are discussed in the section headed "Management Discussion and Analysis" of this annual report.

# Report of Directors

## SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and equity of the Group for the last four years, as extracted from the audited consolidated financial statements of the Company, is set out on page 130 of this annual report. This summary does not form part of the consolidated financial statements for the year ended 31 December 2021.

## INVESTMENT PROPERTY

The investment property of the Group was revalued at 31 December 2021, set out in note 14 to the consolidation financial statements.

## PROPERTY, PLANT AND EQUIPMENT

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

## SHARE CAPITAL AND SHARE OPTIONS SCHEME

Details of movements in the share capital of the Company during the year are set out in note 24 and 25 to the consolidated financial statements.

## INTEREST CAPITALISED

The Group has not capitalised any interest during the year ended 31 December 2021.

## BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2021 are set out in note 21, to the consolidated financial statements.

## RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 63 of this annual report.

## DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2021, the Company had no distributable reserves (2020: SGD0.8 million) calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

## PRINCIPAL RISKS AND UNCERTAINTIES

All the risks relating to the Group's business have been set out in the in the section headed "Management Discussion and Analysis" of this annual report.

## MAJOR CUSTOMERS

During the year ended 31 December 2021, the Group's five largest customers accounted for approximately 26.9% (2020: 26.8%) of the total revenue of the Group and the Group's largest customer amounted for approximately 7.9% (2020: 7.9%) of the total revenue. At no time during the year ended 31 December 2021 did the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) have any interest in the Group's major customers as disclosed above.

## MAJOR SUBCONTRACTORS

During the year ended 31 December 2021, the Group's subcontractors fee accounted for less than 30% of our Group's total costs of services, representing approximately 13.0% (2020: 8.3%) of the total our Group's total costs of services.

## RELATIONSHIPS WITH EMPLOYEES, SUBCONTRACTORS AND CUSTOMERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with its subcontractors and customers to fulfil its immediate and long-term goals. To maintain its competitiveness, the Group aims at delivering quality services to its customers. During the year, there was no material and significant dispute between the Group and its subcontractors and/or customers.

## DIRECTORS

The Directors during the year ended 31 December 2021 and up to the date of this Directors' report were:

### Executive Directors

Mr. Wong Seng
Ms. Leow Geok Mui
Mr. Lim Chin Keong
Mr. Heng Kim Huat

### Independent Non-executive Directors

Dr. Tan Teng Hooi
Mr. Ng Shing Kin
Mr. Leong Jay

The Directors' biographical details are set out in the section headed "Directors and Senior Management" in this report.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules has been received from each of the INEDs.

## EMOLUMENTS OF THE DIRECTORS

The remuneration policy of the Group for the Directors was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors.

Information regarding directors' emoluments is set out in note 12 to the consolidated financial statements.

## DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wong Seng, Ms. Leow Geok Mui, Mr. Lim Chin Keong and Mr. Heng Kim Huat entered into a service agreement with the Company on 20 June 2019 for an initial period from 20 June 2019 to the Listing Date and three years from the Listing Date. All of these service agreements may be terminated earlier by no less than three month written notice served by either party on the other.

Each of Dr. Tan Teng Hooi, Mr. Ng Shing Kin and Mr. Leong Jay signed a letter of appointment with the Company for an initial term of three years commencing on the Listing Date. All of these service agreements may be terminated earlier by no less than three month written notice served by either party on the other.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2021, the interests of the Directors and chief executives and their associates 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### Long position in the Company's shares

| Name of Director | Name of associated corporation | Capacity/Nature | Number of shares held/ interested | Percentage of shareholding |
|---|---|---|---|---|
| Mr. Wong Seng *(Note 3)* | WMCH Global Holdings Limited | Beneficial owner | 1,100 (L) *(Note 1)* | 55% |
| Ms. Leow Geok Mui ("**Ms. Leow**") *(Note 3)* | WMCH Global Holdings Limited | Beneficial owner | 400 (L) *(Note 1)* | 20% |
| Mr. Lim Chin Keong ("**Mr. Lim**") *(Note 3)* | WMCH Global Holdings Limited | Beneficial owner | 350 (L) *(Note 1)* | 17.5% |
| Mr. Heng Kim Huat ("**Mr. Heng**") *(Note 3)* | WMCH Global Holdings Limited | Beneficial owner | 150 (L) *(Note 1)* | 7.5% |

Save as disclosed above and so far as is known to the Directors, none of the Directors nor chief executives and their associates of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2021, which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021 and so far as is known to the Directors, the following entities or persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying Shares, which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

| Name of Directors | Capacity/Nature | Number of ordinary shares held/interested | Percentage of interest |
|---|---|---|---|
| WMCH Global Holdings Limited | Beneficial owner | 367,212,000 (L) *(Note 1)* | 51.0% |
| Ms. Tan Seow Hong *(Note 4)* | Interest of spouse | 367,920,000 (L) *(Note 1)* | 51.0% |

*Note:*

1. The letter "L" demonstrates long position in such securities.

2. Mr. Wong Seng beneficially owns 55% of the issued share capital of WMCH Global Holdings Limited which in turn held 367,212,000 Shares. Therefore, Mr. Wong Seng is deemed to be interested in 367,212,000 Shares held by WMCH Global Holdings Limited for the purposes of the SFO.

3. WMCH Global Holdings, which holds 51.0% of the issued share capital of our Company, is an investment holding company owned as to 55% by Mr. Wong, 20% by Ms. Leow, 17.5% by Mr. Lim and 7.5% by Mr. Heng. As such, WMCH Global Holdings Limited, Mr. Wong, Ms. Leow, Mr. Lim and Mr. Heng are considered as a group of controlling shareholders and substantial shareholders for the purpose of the GEM Listing Rules.

4. Ms. Tan Seow Hong is the spouse of Mr. Wong Seng and is therefore deemed to be interested in all the Shares which Mr. Wong Seng is interested in for the purpose of the SFO.

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any interests or short positions owned by any entities or persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company, which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2021 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Scheme**") on 6 November 2019 (the "**Adoption Date**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

As at 31 December 2021, a total of 72,000,000 (2020: 60,000,000) shares, representing 10% of the issued Shares, were available for issue under the Scheme.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2021 and 2020.

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by written resolutions of our then Shareholders on 6 November 2019.

### (a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, subcontractors, agents, clients, business partners or service providers of our Group and to promote the success of the business of our Group.

### (b) Who may join and basis of eligibility

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board shall be entitled to, at its absolute discretion and on such terms as it deems fit, grant Options to any Participant.

### (c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of:

(i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day;

(ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and

(iii) the nominal value of a Share on the date of grant of the option.

For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the issue price of the Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before listing.

### (d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.00.

### (e) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at 31 December 2021.

### (f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person (except for any INED or substantial shareholder of the Company) (including both exercised and outstanding options under the Scheme) in the twelve-month period expiring on the offer date must not exceed 1% of the issued Shares.

Where any further grant of options to an Eligible Person would result in excess of such limit shall be subject to the approval of the Shareholders at general meeting with such Eligible Person and his associates abstaining from voting. In seeking such approval, a circular must be sent to the Shareholders containing the required details in accordance with Chapter 23 of the GEM Listing Rules.

### (g) Grant of options to certain connected persons

(i) Any grant of an option to a Director, chief executive or substantial shareholder of our Company (or any of their respective close associates) must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

(ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective close associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

(a) representing in aggregate over 0.1% of our Shares in issue; and

(b) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK$5 million,

such further grant of options is required to be approved by our Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the GEM Listing Rules in this regard. All core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by our Shareholders in the aforesaid manner.

### (h) Restrictions on the times of grant of options

(i) Our Company may not grant any options after inside information has come to its knowledge until such inside information has been announced. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and

(b) the deadline for our Company to publish an announcement of the results for any year, or half-year under the GEM Listing Rules, or quarterly or other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement.

(ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published:

(a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half year period up to the publication date of the results.

### (i) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

### (j) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

## INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Advent Corporate Finance Limited ("**Advent**") to be the compliance adviser of the Company from 1 May 2020. The appointment of Advent has been terminated on 1 March 2021. Upon termination of the appointment with Advent, the Group has appointed Wilson International Capital Limited ("**Wilson Capital**") as its new compliance adviser with effect from 1 March 2021. For further details, please refer to the announcement of the Company in relation to the change of compliance adviser dated 1 March 2021.

As at 31 December 2021 and up to the date of this annual report, as advised by Wilson Capital, save for the compliance adviser agreement entered into between Company and Wilson Capital dated 1 March 2021, neither Wilson Capital nor any of its directors or employees or close associates had any interest in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

During the year ended 31 December 2021, the Group did not enter into any transactions which need to be disclosed as connected transactions or continuing connected transactions pursuant to Chapter 20 of the GEM Listing Rules (2020: Nil).

During the year ended 31 December 2021, the Group did not enter into any related party transaction(s) (2020: Nil).

Details of the related party transactions undertaken by the Group are set out in note 31 to the consolidated financial statements. The Directors consider that those related party transactions did not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements. The Group has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business, other than those business of which the Directors were appointed as directors to represent the interests of the Company, which competes or is likely to compete, directly or indirectly, with our Group's business during the year ended 31 December 2021 and up to the date of this annual report.

## DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

There was no transaction, arrangement or contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, existed at the end of the year or at any time during the year ended 31 December 2021.

As at 31 December 2021, no contract of significance had been entered into between the Company, or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

## INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of their respective independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive directors are independent.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2021.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2021.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the amount of public float as required under the GEM Listing Rules as at the date of this annual report.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the Company Law of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## SUBSIDIARIES

The details of the Company's subsidiaries as at 31 December 2021 are set out in note 33 to the consolidated financial statements.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment.

## INDEPENDENT AUDITORS

The consolidated financial statements for the Year were audited by HLB, the independent auditors, who shall retire and, being eligible, offer itself for re-appointment at the forthcoming AGM. The Board has taken the recommendation of the Board that a resolution for the re-appointment of HLB as the independent auditors will be proposed at the forthcoming AGM.

## REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three members, all being INEDs, namely Mr. Ng Shing Kin (chairman of the Audit Committee), Dr. Tan Teng Hooi and Mr. Leong Jay. It has reviewed together with the management and external auditor the accounting principles and practices and the auditing, internal controls and financial reporting matters of the Group, which includes the review of the audited consolidated financial statements of the Group for the year ended 31 December 2021.

On behalf of the Board

**Wong Seng**
*Chairman*
Hong Kong, 6 June 2022

# Independent Auditors' Report

HLB 國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

**TO THE SHAREHOLDERS OF WMCH GLOBAL INVESTMENT LIMITED**
*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of WMCH Global Investment Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 60 to 129, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Acquisition and impairment assessment on interest in an associate**<br>Refer to Notes 3 and 16 to the consolidated financial statements.<br><br>On 13 July 2021, the Group acquired the 40% equity interest of Eidea Professional Services Company Limited ("**Acquisition**") by allotment and issuance of 120,000,000 new shares by the Company.<br><br>Goodwill arising from the Acquisition, which represented the excess of the consideration paid over the Group's share of the fair value of the identifiable net assets of the acquired entity.<br><br>The fair values of the identifiable assets and liabilities acquired in the Acquisition was assessed by the directors based on an independent valuation prepared by a firm of external valuers. The assessment of fair values required the exercise of significant judgment and estimation, particularly in relation to the fair value of the identifiable assets acquired and liabilities assumed of the acquired entity as at the acquisition date.<br><br>We identified the accounting for the Acquisition and impairment assessment as a key audit matter because the transaction was significant to the consolidated financial statements and because assessing the fair values on acquisition and estimation of the recoverable amount can be inherently subjective and requires significant judgment and estimation which increase the risk of error or potential management bias.<br><br>The Group has interest in an associate with carrying amount of approximately SGD25,000 as at 31 December 2021. Management performed impairment assessment and concluded that an impairment loss on the interest in an associate of approximately SGD7,903,000 was recognised during the year. This conclusion was based on value in use model that required significant management judgment with respect to the discount rate and the underlying cash flows, in particular future revenue growth and capital expenditure. Independent external valuation was performed to support management's estimates. | Our procedures in relation to the acquisition and management's impairment assessment of interest in an associate included:<br><br>• Inspecting the sale and purchase agreements and evaluating management's accounting treatment for the Acquisition with reference to the terms set out in the sale and purchase agreements and the requirements of the prevailing accounting standards;<br><br>• Understanding and evaluating the value-in-use calculation prepared by the external valuers engaged by the Group, taking into account entity's historical performance and the future operating plans;<br><br>• Obtaining and inspecting the valuation assessments prepared by the external valuers engaged by the Group and on which management's assessment of the fair values of the assets and liabilities acquired was based on the date of acquisition;<br><br>• Evaluating the independent valuer's competence, capabilities and objectivity;<br><br>• Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the relevant industry and using our valuation experts;<br><br>• Challenging the reasonableness of key assumptions used based on our knowledge of the business and industry; and<br><br>• Checking, on a sample basis, the accuracy and relevance of the input data used.<br><br>We found the key assumptions were supported by the available evidence. |

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("**Other Information**").

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

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

## RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## AUDITORS' RESPONSIBILITY 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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 eliminates threats or safeguards applied.

## AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement director on the audit resulting in this independent auditors' report is Wong Sze Wai, Basilia.

**HLB Hodgson Impey Cheng Limited**
*Certified Public Accountants*

Wong Sze Wai, Basilia
Practising Certificate Number: P05806
Hong Kong, 6 June 2022

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

| | Notes | 2021<br>SGD'000 | 2020<br>SGD'000 |
|---|---|---|---|
| Revenue | 5 | **8,846** | 9,323 |
| Cost of services | | **(8,084)** | (8,627) |
| Gross profit | | **762** | 696 |
| Other income, gains and losses, net | 6 | **769** | 983 |
| Administrative expenses | | **(3,634)** | (4,880) |
| Allowance for expected credit losses, net | | **(289)** | (54) |
| Impairment losses on property, plant and equipment and right-of-use assets | | **(334)** | – |
| Impairment loss on interest in an associate | 16 | **(7,903)** | – |
| Share of result of an associate | 16 | **(106)** | – |
| Finance costs | 7 | **(38)** | (41) |
| **Loss before income tax** | 8 | **(10,773)** | (3,296) |
| Income tax expense | 9 | **–** | (33) |
| **Loss for the year** | | **(10,773)** | (3,329) |
| **Other comprehensive income for the year** | | | |
| *Item that may be reclassified subsequently to profit and loss:* | | | |
| Exchange differences arising on translation of foreign operation | | **62** | 9 |
| Other comprehensive income for the year, net of tax | | **62** | 9 |
| **Total comprehensive loss for the year** | | **(10,711)** | (3,320) |
| **Loss for the year attributable to:** | | | |
| Owners of the Company | | **(10,773)** | (3,329) |
| **Total comprehensive loss for the year attributable to:** | | | |
| Owners of the Company | | **(10,711)** | (3,320) |
| **Loss per share** | | | |
| — Basic and diluted (in Singapore cents) | 11 | **(1.64)** | (0.55) |

The accompanying notes form an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2021

| | Notes | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *13* | **299** | 414 |
| Investment property | *14* | **1,343** | 1,369 |
| Right-of-use assets | *15* | **–** | 129 |
| Interest in an associate | *16* | **25** | – |
| | | **1,667** | 1,912 |
| **Current assets** | | | |
| Trade and other receivables | *17* | **2,229** | 2,664 |
| Contract assets | *18* | **471** | 1,734 |
| Cash and bank balances | *19* | **3,880** | 4,804 |
| | | **6,580** | 9,202 |
| **Current liabilities** | | | |
| Trade and other payables | *20* | **1,310** | 1,467 |
| Contract liabilities | *18* | **19** | – |
| Borrowing | *21* | **51** | 50 |
| Amount due to a director | *22* | **187** | 184 |
| Lease liabilities | *23* | **112** | 72 |
| Tax payable | | **35** | 164 |
| | | **1,714** | 1,937 |
| **Net current assets** | | **4,866** | 7,265 |
| **Total assets less current liabilities** | | **6,533** | 9,177 |
| **Non-current liabilities** | | | |
| Borrowing | *21* | **740** | 790 |
| Lease liabilities | *23* | **143** | 61 |
| | | **883** | 851 |
| **Net assets** | | **5,650** | 8,326 |

# Consolidated Statement of Financial Position

As at 31 December 2021

| | Notes | **2021 SGD'000** | 2020 SGD'000 |
|---|---|---|---|
| **Capital and reserves** | | | |
| Share capital | *24* | **1,257** | 1,048 |
| Reserves | | **4,393** | 7,278 |
| Total equity | | **5,650** | 8,326 |

Approved and authorised for issue by the board of directors on 6 June 2022 and signed on its behalf by:

**Wong Seng**
*Executive director*

**Leow Geok Mui**
*Executive director*

The accompanying notes form an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

| | Share capital SGD'000 | Share premium SGD'000 | Other reserve SGD'000 *(Note i)* | (Accumulated losses)/ retained earnings SGD'000 | Exchange reserves SGD'000 *(Note ii)* | Total SGD'000 |
|---|---|---|---|---|---|---|
| As at 1 January 2020 | 1,048 | 6,928 | 1,128 | 2,881 | (339) | 11,646 |
| Loss for the year | – | – | – | (3,329) | – | (3,329) |
| Other comprehensive income for the year | – | – | – | – | 9 | 9 |
| Total comprehensive loss for the year | – | – | – | (3,329) | 9 | (3,320) |
| As at 31 December 2020 and 1 January 2021 | 1,048 | 6,928 | 1,128 | (448) | (330) | 8,326 |
| Loss for the year | – | – | – | (10,773) | – | (10,773) |
| Other comprehensive income for the year | – | – | – | – | 62 | 62 |
| Total comprehensive loss for the year | – | – | – | (10,773) | 62 | (10,711) |
| Issuance of shares in relating to acquisition of an associate *(note 24)* | 209 | 7,826 | – | – | – | 8,035 |
| **As at 31 December 2021** | **1,257** | **14,754** | **1,128** | **(11,221)** | **(268)** | **5,650** |

*Notes:*

(i) The other reserve of the Group represents the reserve arose pursuant to the reorganisation of the group in 2019.

(ii) Exchange difference relating to the translation of the net assets of the Group's foreign operations from their functional currencies (i.e. Hong Kong Dollar and Vietnam Dong) to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the exchange reserve. Exchange different accumulated in the exchange reserve are reclassified to profit or loss on the disposal of foreign operations.

The accompanying notes form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2021

| | Notes | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Loss before income tax | | **(10,773)** | (3,296) |
| Adjustments for: | | | |
| Interest income | *6* | **(10)** | (25) |
| Finance costs | *7* | **38** | 41 |
| Share of result of an associate | | **106** | – |
| Allowance for expected credit losses, net | | **289** | 54 |
| Depreciation for property, plant and equipment | *13* | **76** | 108 |
| Depreciation for investment property | *14* | **26** | 26 |
| Depreciation for right-of-use assets | *15* | **109** | 150 |
| Impairment losses on property, plant and equipment and right-of-use assets | | **334** | – |
| Impairment loss on interest in an associate | | **7,903** | – |
| Operating cash flows before movements in working capital | | **(1,902)** | (2,942) |
| Decrease in contract assets | | **1,053** | 772 |
| Decrease in trade and other receivables | | **397** | 336 |
| Increase in contract liabilities | | **19** | – |
| Decrease in trade and other payables | | **(164)** | (135) |
| Net cash used in operations | | **(597)** | (1,969) |
| Income tax paid | | **(129)** | (301) |
| **NET CASH USED IN OPERATING ACTIVITIES** | | **(726)** | (2,270) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | *13* | **(46)** | (66) |
| Interest received | | **10** | 25 |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(36)** | (41) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Interest paid | | **(38)** | (41) |
| Advance from/(Repayment to) directors | | **3** | (43) |
| Repayment of borrowing | | **(49)** | (45) |
| Repayment of lease liabilities | | **(107)** | (154) |
| **NET CASH USED IN FINANCING ACTIVITIES** | | **(191)** | (283) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | **(953)** | (2,594) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | | **4,804** | 7,389 |
| Effect of foreign exchange rate changes | | **29** | 9 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | | **3,880** | 4,804 |

The accompanying notes form an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 1. GENERAL INFORMATION

WMCH Global Investment Limited (the "**Company**") is a public limited company incorporated in Cayman Islands and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is WMCH Global Holdings Limited (incorporated in the British Virgin Islands ("**BVI**")). Its ultimate controlling party is Mr. Wong Seng ("**Mr. Wong**"), who is also the Chairman, Chief Executive Officer and Executive Director of the Company.

The Company's registered office address is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Group at 28 Sin Ming Lane, #04-137 Midview City, Singapore 573972. The Company has been registered as a non-Hong Kong company under part 16 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) on 18 January 2019. Its shares were initially listed on the GEM of the Stock Exchange of Hong Kong Limited on 29 November 2019.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of civil and structural engineering consultancy services and provision of other services including master planning, structural due diligence and visual inspection of existing buildings.

The consolidated financial statements are presented in Singapore dollar ("**SGD**"), which is the functional currency of the Company. As the directors of the Company consider that SGD is the functional currency of the primary economic environment in which most of the Group's transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in thousands of SGD ("**SGD'000**"), unless otherwise stated.

## 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group has early applied the Amendment to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*.

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the IASB issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

## 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

### New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

| | |
|---|---|
| IFRS 17 | Insurance Contracts and the related Amendments[2] |
| Amendments to IFRS 3 | Reference to the Conceptual Framework[1] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current[2] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[2] |
| Amendments to IAS 8 | Definition of Accounting Estimates[2] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2] |
| Amendments to IAS 16 | Property, Plant and Equipment: Proceeds before Intended Use[1] |
| Amendments to IAS 37 | Onerous Contracts — Cost of Fulfilling a Contract[1] |
| Amendments to IFRS Standards | Annual Improvements to IFRS Standards 2018-2020[1] |

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for annual periods beginning on or after 1 January 2023.

3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard issued by the IASB, which collective term includes all International Accounting Standards ("**IAS**") and related Interpretations. For the purpose of preparation of the consolidated financial statement, information is considered material if such information is reasonably expected to influence decisions made by primary year. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("**GEM Listing Rules**") and by the Hong Kong Companies Ordinance.

The director of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value or revalued amounts at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the company and its subsidiaries. Control is achieved when a company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with investee; and
- Has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using merger accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Subsidiaries (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policy adopted by the Group.

### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 *Financial Instruments* would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

### Foreign currency translation

In preparing the financial statements of the entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Foreign currency translation (Continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of net investment.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. SGD) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

| | |
|---|---|
| Leasehold improvement | Over the term of lease or 33.33%, whichever is shorter |
| Building | Over the lease term |
| Computer and office equipment | 33.33% |
| Motor vehicles | 16.67% |

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Property, plant and equipment (Continued)

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

### Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

| | |
|---|---|
| Investment property | 60 years |

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment property over the lease term and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

### Research and development expense

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials and salaries where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure does not meet these criteria is recognised as an expense in the period in which it is incurred.

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market price.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amounting on initial recognition.

Interest income is recognised in profit or loss using the effective interest method and is included in the "other income, gains and losses, net" line item.

**Financial assets**

***(i) Classification and subsequent measurement of financial assets***

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("**OCI**") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

**Financial assets (Continued)**

***(i) Classification and subsequent measurement of financial assets (Continued)***

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

*Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

*Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses, net" line item.

***(ii) Impairment of financial assets and contract assets under ECL model***

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets and contract assets which are subject to impairment assessment under IFRS 9 (including trade and other receivables, contract assets and cash and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

**Financial assets (Continued)**

***(ii) Impairment of financial assets and contract assets under ECL model (Continued)***

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experiences, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

*(a) Significant increase in credit risk*

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

**Financial assets (Continued)**

***(ii) Impairment of financial assets and contract assets under ECL model (Continued)***

*(a) Significant increase in credit risk (Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition (Continued):

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*(b) Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group also considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

**Financial assets (Continued)**

***(ii) Impairment of financial assets and contract assets under ECL model (Continued)***

*(c) Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (b) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

*(d) Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes derecognition event. Any recoveries made are recognised in profit or loss.

*(e) Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or efforts.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

**Financial assets (Continued)**

***(ii) Impairment of financial assets and contract assets under ECL model (Continued)***

*(e) Measurement and recognition of ECL (Continued)*

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristic, when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, contract assets and other receivable where the corresponding adjustment is recognised through a loss allowance account.

***(iii) Derecognition of financial assets***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

**Financial liabilities and equity**

***Classification of financial liabilities or equity instruments***

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

*Financial liabilities subsequently measured at amortised cost*

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### Impairment of property, plant and equipment, investment property and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment property and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, investment property and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment of property, plant and equipment, investment property and right-of-use assets (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits at banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### Leases

**Definition of a lease**

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

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

**The Group as a lessee**

***Allocation of consideration to components of a contract***

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand- alone price of the lease component and the aggregate stand-alone price of the non-lease components.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases (Continued)

**The Group as a lessee (Continued)**

***Allocation of consideration to components of a contract (Continued)***

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to lease of office premise, that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis of another systematic basis over the lease term.

***Right-of-use assets***

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from the commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

***Refundable rental deposits***

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases (Continued)

**The Group as a lessee (Continued)**

***Lease liabilities***

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases (Continued)

**The Group as a lessee (Continued)**

***Lease modifications***

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

**Covid-19 related rent concessions**

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether change is a lease modification if all of the following conditions are met:

- The change in lease payments results in revised consideration for lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases (Continued)

**The Group as a lessor**

***Classification and measurement of leases***

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis, over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

***Refundable rental deposits***

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

***Lease modification***

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

**Borrowing costs**

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares (net of any related income tax benefit) are deducted from share premium to the extent they are incremental cost directly attributable to the equity transaction.

### Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the client simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;

- the Group’s performance creates or enhances an asset (for example work in progress) that the client controls as the asset is created or enhanced; or

- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the district good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. 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.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

### Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

**Output method**

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

**Civil and Structural engineering services**

The progress towards complete satisfaction of a performance obligation is measured based on output method. The civil structural and geotechnical engineering consultancy services fee is recognised by reference to the progress of the contract activity at the end of the reporting period, measured based on direct measurement to the value of contracts work transferred to the customer to date relative to the remaining contract work promised under the contract, provided that contract work performed can be reasonably measured according to the completion of specific detailed components as set out in the contract and satisfaction of performance obligation by customers.

When the outcome cannot be reasonably measured, contract revenue for the civil and structural engineering consultancy services is recognised to the extent of contract costs incurred that it is expected to recovered. Contract costs are recognised as expenses in the period in which they are incurred.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income gains and losses, net".

### Dividends

Dividends proposed by the Directors are classified as a separate allocation of retained earnings within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

### Employee benefits

**Defined contribution plans**

***Retirement benefit costs***

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

*Singapore*

The Group makes contributions to the Central Provident Fund ("**CPF**") scheme in Singapore, a defined contribution pension scheme. CPF is a compulsory comprehensive savings plan funded by contributions from employers and employees. Under the Central Provident Fund Act (Chapter 36 of the laws of Singapore) (the "**CPFA**"), the Group is required to submit to the CPF by the end of each month in respect of each employee, who is either a citizen or permanent resident of Singapore, contributions at the contribution rates prescribed in the CPFA. These contributions are recognised as an expense in the period in which they become payable in accordance with the scheme.

*Vietnam*

State pension scheme in Vietnam are recognise as an expense when employees have rendered service entitling them to the contributions.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Employee benefits (Continued)

**Defined contribution plans (Continued)**

***Retirement benefit costs (Continued)***

*Hong Kong*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 and they can choose to make additional contributions. Employers' monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (the "**mandatory contributions**"). Employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

***Short-term employee benefits***

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

### Share-based payments

**Equity-settled share-based payment transactions**

***Shares granted to non-employees***

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

### Taxations

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Taxations (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Taxations (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker for their decisions about resources allocation to the Group's business components for their review of the performance of those components.

### Related parties

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

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

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

   (ii) has significant influence over the Group; or

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

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Related parties (Continued)

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

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries 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) the entity and the Group are joint ventures of the same third party.

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group (if the Group is itself such a plan) and the sponsoring employers are also related to the Group.

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

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

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

### Key sources of estimation uncertainty

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

**(a) Project-based services contracts**

Revenue recognition on provision of civil and structural engineering consultancy services is dependent on the estimation of the progress of the satisfaction of performance obligation of a service contract over time. Based on the Group's past experience and the nature of the contract activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. Actual outcome in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of each reporting period, which would affect the revenue and profit recognised in future years.

Significant judgment is required to estimate the total contract costs and the recoverable variation works that will affect whether any provision is required for foreseeable losses. The estimates are made based on past experience and knowledge of the project management.

Details of the revenue and contract assets are disclosed in Note 5 and Note 18.

**(b) Impairment assessment of trade and other receivables and contract assets**

The management estimates the amount of loss allowance for ECL on trade and other receivables and contract assets that are measured at amortised cost based on the credit risk of the respective financial instruments and counterparty. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the trade and other receivables and contract assets. The assessment of the credit risk of the trade and other receivables and contract assets involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

The carrying amount of trade receivables, other receivables and contract assets as at 31 December 2021 and 2020 are disclosed in Notes 17 and 18 respectively.

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

**(c) Estimated impairment of property, plant and equipment, right-of-use assets and investment property**

Property, plant and equipment, right-of-use assets and investment property are stated at costs less accumulated and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset including right-of-use assets, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's consultancy services.

As at 31 December 2021, the carrying amounts of right-of-use assets, property, plant and equipment and investment property subject to impairment assessment were approximately SGDNil, SGD299,000 and SGD1,343,000 respectively, after taking into account the impairment losses of approximately SGD88,000 (2020: Nil) and SGD246,000 (2020: Nil) in respect of property, plant and equipment and right-of-use assets that have been recognise respectively. Details of the impairment assessment of property, plant and equipment, right-of-use assets and investment property are disclosed in Notes 13, 15 and 14 respectively.

**(d) Impairment assessment on interest in an associate**

As at 31 December 2021, in view of impairment indicators, the Group performed impairment assessment on an associate. Determining whether impairment loss should be recognised requires an estimation of the recoverable amount of the relevant associate which is the higher of value in use and fair value less costs of disposal. The value in use calculation requires the management of the Group to estimate the present value of the estimated cash flows expected to be received from the associate taking into account factors, including discount rate, etc., In cases where the actual cash flows are less or more than expected, or change in facts and circumstances which result in revision of future cash flows estimation or discount rate, a material reversal or further recognition of impairment may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties due to uncertainty on how the Covid-19 pandemic may progress and evolve.

As at 31 December 2021, the carrying amount of the interest in an associate amounted to approximately SGD25,000, after taking into account the impairment loss of SGD7,903,000 recognised in profit or loss during the year.

## 5. REVENUE AND SEGMENT INFORMATION

The Group's principal activities are provision of civil and structural engineering consultancy services. Revenue is recognised over time and is disaggregated by nature of services as follows:

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Consultancy services fee | **8,300** | 8,602 |
| Other service fee | **546** | 721 |
| | **8,846** | 9,323 |

Revenue is measured based on the consideration specified in a contract with a client and excludes amounts collected on behalf of third parties. Under the contracts with clients, each consultancy service contract relates to facts and circumstances that are specific to each client. Contract terms provide the Group with an enforceable right to payment, for its performance completed to date, of its costs incurred plus a reasonable margin.

### Transaction price allocated to the remaining performance obligation for contracts with customers

**Remaining performance obligations**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at 31 December 2021 and 2020 and the expected timing or recognising revenue are as follows:

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| **Remaining performance obligations expected to be satisfied during the year ending** | | |
| Within one year | **10,930** | 6,686 |
| 1–2 years | **9,455** | 6,851 |
| 2–5 years | **1,760** | 189 |
| | **22,145** | 13,726 |

The Group expects the transaction price allocated to the unsatisfied contract at 31 December 2021 will be recognised as revenue within five years from 31 December 2021.

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Transaction price allocated to the remaining performance obligation for contracts with customers (Continued)

**Remaining performance obligations (Continued)**

The chief operating decision-maker has been identified as the executive directors of the Company. The directors regard the Group's business of provision of civil and structural engineering consultancy services as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

**Geographical information**

The Group's revenue is mainly derived from clients located in Singapore and Vietnam. The Group's revenue by the geographical location of the clients, determined based on the location of which the construction site located, is detailed below:

| | 2021<br>SGD'000 | 2020<br>SGD'000 |
|---|---|---|
| Singapore | **7,199** | 6,748 |
| Vietnam | **1,381** | 2,569 |
| Other *(note)* | **266** | 6 |
| | **8,846** | 9,323 |

*Note:* Other geographical locations are mainly located in Thailand, Maldives, Hong Kong, Malaysia and Indonesia.

The Group's business activities are conducted predominantly in Singapore, Vietnam and Hong Kong. Information about the Group's non-current assets by the geographical location of the assets is detailed below:

| | 2021<br>SGD'000 | 2020<br>SGD'000 |
|---|---|---|
| Singapore | **1,642** | 1,832 |
| Vietnam | **–** | 77 |
| Hong Kong | **25** | 3 |
| | **1,667** | 1,912 |

**Information about major client**

For the years ended 31 December 2021 and 2020, no single client contributed 10% or more of the Group's revenue.

## 6. OTHER INCOME, GAINS AND LOSSES, NET

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Rental income | **33** | 18 |
| Interest income | **10** | 25 |
| Government grant *(note)* | **549** | 747 |
| Exchange gain, net | **19** | 49 |
| Sundry income | **154** | 124 |
| Covid-19 related rent concession | **4** | 20 |
| | **769** | 983 |

*Note:*

The government grants received mainly comprise of the Job Support Scheme, Special Employment Credit Scheme and the Temporary Employment Credit Scheme, which are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support. There were no unfulfilled conditions or contingencies relating to those government grants. In addition, the Group recognised government grants of approximately SGD549,000 (2020: SGD747,000) of which approximately SGD356,000 (2020: SGD709,000) in respect of Covid-19 related subsidies, relates to Job Support Scheme provided by the Singapore Government.

## 7. FINANCE COSTS

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Interest on bank loan | **28** | 35 |
| Interest on lease liabilities | **10** | 6 |
| | **38** | 41 |

## 8. LOSS BEFORE INCOME TAX

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Loss before income tax is stated after charging: | | |
| (a) Staff costs (including directors' emoluments) *(note)* | | |
| — Salaries, wages and other benefits | **8,318** | 9,288 |
| — Contributions to defined contribution retirement plans | **891** | 952 |
| | **9,209** | 10,240 |
| (b) Other items | | |
| Depreciation for property, plant and equipment and investment property | **102** | 134 |
| Depreciation for right-of-use assets | **109** | 150 |
| Impairment loss on | | |
| — Property, plant and equipment | **88** | – |
| — Right-of-use assets | **246** | – |
| Research and development expenses | **61** | 593 |
| Auditors remuneration | | |
| — annual audit services | **118** | 116 |
| Expenses relating to short-term lease | **91** | 70 |

*Note:*

Staff costs (including directors' emoluments)

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Cost of services | **7,037** | 7,871 |
| Administrative expenses | **2,172** | 2,369 |
| | **9,209** | 10,240 |

## 9. INCOME TAX EXPENSE

| | 2021<br>SGD'000 | 2020<br>SGD'000 |
|---|---|---|
| Current tax | | |
| — Singapore corporate income tax | – | 14 |
| — Vietnam corporate income tax | – | 20 |
| — Hong Kong profits tax | – | (1) |
| Income tax expense | – | 33 |

The applicable tax rate of subsidiaries in Singapore and Vietnam are 17% and 20% respectively for the years ended 31 December 2021 and 2020.

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

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years. No Hong Kong Profits Tax has been provided since no assessable profit arose in Hong Kong for the years ended 31 December 2021 and 2020.

Reconciliation between income tax expense and loss before income tax at applicable tax rate as follows:

| | 2021<br>SGD'000 | 2020<br>SGD'000 |
|---|---|---|
| Loss before income tax | (10,773) | (3,296) |
| Tax at the applicable income tax rates | (1,831) | (560) |
| Tax rates for specific districts | (6) | 9 |
| Tax effect of non-taxable income | (64) | (22) |
| Tax effect of non-deductible expenses | 1,559 | 49 |
| Tax effect of tax losses not recognised | 342 | 567 |
| Tax reduction | – | (23) |
| Under provision in previous year | – | 13 |
| Current tax | – | 33 |

In Singapore, the partial tax exemption scheme allows for (i) 75% tax exemption on the first S$10,000 (2020: S$10,000) of normal chargeable income; and (ii) a further 50% tax exemption on the next S$190,000 (2020: S$190,000) of normal chargeable income.

## 10. DIVIDEND

The directors of the Company do not declare or propose any payment of final dividend for the years ended 31 December 2021 and 2020.

No dividends have been paid or declared by the Company since its date of incorporation.

## 11. LOSS PER SHARE

| | **2021 SGD'000** | 2020 SGD'000 |
|---|---|---|
| Loss for the year attributable to the owners of the Company | **(10,773)** | (3,329) |
| | **'000** | '000 |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share *(note)* | **656,548** | 600,000 |

*Note:* The calculation of basic loss per share is based on the loss attributable to owners of the Company for the year of approximately SGD10,773,000 (2020: SGD3,329,000) and the weighted average number of 656,548,000 (2020: 600,000,000) ordinary shares in issue during the year ended 31 December 2021 has been adjusted for the issue of consideration shares on 13 July 2021.

The diluted loss per share is the same as the basic loss per share as there were no potential dilutive ordinary shares in issue during both years.

## 12. DIRECTORS' EMOLUMENTS

### (a) Directors' emoluments

| | Fees SGD'000 | Salaries, allowances, and benefits in kind SGD'000 | Discretionary bonuses SGD'000 | Retirement scheme contribution SGD'000 | Total SGD'000 |
|---|---|---|---|---|---|
| **Year ended 31 December 2021** | | | | | |
| *Executive directors:* | | | | | |
| Mr. Wong Seng *(note (i))* | **–** | **317** | **–** | **6** | **323** |
| Ms. Leow Geok Mui *(note (i))* | **–** | **233** | **–** | **12** | **245** |
| Mr. Lim Chin Keong *(note (i))* | **–** | **221** | **–** | **14** | **235** |
| Mr. Heng Kim Huat *(note (i))* | **–** | **213** | **–** | **9** | **222** |
| *Independent non-executive directors:* | | | | | |
| Dr. Tan Teng Hooi *(note (i))* | **32** | **–** | **–** | **–** | **32** |
| Mr. Leong Jay *(note (i))* | **32** | **–** | **–** | **–** | **32** |
| Mr. Ng Shing Kin *(note (i))* | **32** | **–** | **–** | **–** | **32** |
| | **96** | **984** | **–** | **41** | **1,121** |

| | Fees SGD'000 | Salaries, allowances, and benefits in kind SGD'000 | Discretionary bonuses SGD'000 | Retirement scheme contribution SGD'000 | Total SGD'000 |
|---|---|---|---|---|---|
| Year ended 31 December 2020 | | | | | |
| *Executive directors:* | | | | | |
| Mr. Wong Seng *(note (i))* | – | 346 | 59 | 8 | 413 |
| Ms. Leow Geok Mui *(note (i))* | – | 243 | 41 | 17 | 301 |
| Mr. Lim Chin Keong *(note (i))* | – | 226 | 42 | 17 | 285 |
| Mr. Heng Kim Huat *(note (i))* | – | 224 | 38 | 13 | 275 |
| *Independent non-executive directors:* | | | | | |
| Dr. Tan Teng Hooi *(note (i))* | 32 | – | – | – | 32 |
| Mr. Leong Jay *(note (i))* | 32 | – | – | – | 32 |
| Mr. Ng Shing Kin *(note (i))* | 32 | – | – | – | 32 |
| | 96 | 1,039 | 180 | 55 | 1,370 |

*Note:*

(i) For the years ended 31 December 2021 and 2020, there was no arrangement under which a director has waived or agreed to waive any emolument. During the year ended 31 December 2021 and 2020, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

## 12. DIRECTORS' EMOLUMENTS (Continued)

### (b) Five highest paid individuals

For the years ended 31 December 2021 and 2020, the five individuals whose emoluments were the highest in the Group included four and four directors respectively.

Details of the emoluments of the remaining one highest paid individual are as follows:

| | 2021<br>SGD'000 | 2020<br>SGD'000 |
|---|---|---|
| Salaries, fee and allowances | **122** | 168 |
| Discretionary bonuses | **–** | 23 |
| Retirement scheme contribution | **12** | 17 |
| | **134** | 208 |

The emoluments fell within the following bands:

| | 2021 | 2020 |
|---|---|---|
| **Emolument bands:** | | |
| Nil to HKD1,000,000 | **1** | – |
| HKD1,000,001 to HKD1,500,000 | **–** | 1 |

For the years 31 December 2021 and 2020, no emoluments were paid by the Group to the above five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director or management of any members of the Group.

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Building SGD'000 | Leasehold improvement SGD'000 | Motor vehicles SGD'000 | Computer and office equipment SGD'000 | Total SGD'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| As at 1 January 2020 | 380 | 52 | 130 | 346 | 908 |
| Additions | – | 9 | – | 57 | 66 |
| Exchange realignment | – | – | (1) | (1) | (2) |
| As at 31 December 2020 and 1 January 2021 | 380 | 61 | 129 | 402 | 972 |
| Additions | – | 4 | – | 42 | 46 |
| Written off | – | (55) | – | (5) | (60) |
| Exchange realignment | – | – | 2 | 5 | 7 |
| As at 31 December 2021 | 380 | 10 | 131 | 444 | 965 |
| **Accumulated depreciation and impairment** | | | | | |
| As at 1 January 2020 | 69 | 35 | 56 | 292 | 452 |
| Charge for the year | 6 | 22 | 22 | 58 | 108 |
| Exchange realignment | – | – | (1) | (1) | (2) |
| As at 31 December 2020 and 1 January 2021 | 75 | 57 | 77 | 349 | 558 |
| Charge for the year | 6 | 4 | 22 | 44 | 76 |
| Written off | – | (55) | – | (5) | (60) |
| Impairment loss | – | 4 | 31 | 53 | 88 |
| Exchange realignment | – | – | 1 | 3 | 4 |
| As at 31 December 2021 | 81 | 10 | 131 | 444 | 666 |
| **Carrying amounts** | | | | | |
| **As at 31 December 2021** | 299 | – | – | – | 299 |
| As at 31 December 2020 | 305 | 4 | 52 | 53 | 414 |

### Impairment of property, plant and equipment and right-of-use assets

As at 31 December 2021, the Group's management considered the adverse business environment and estimated the corresponding recoverable amounts of the property, plant and equipment and right-of-use assets. These assets are used in the Group's civil and structural engineering consultancy services business. Based on the above estimates, there was an indication for impairment, an impairment losses of approximately SGD88,000 and SGD246,000 were recognised during the year to write down the carrying amount of these property, plant and equipment and right-of-use assets to their recoverable amount respectively. The recoverable amount was the higher of fair value less costs of disposal and value in use. The recoverable amount has been determined based on value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the management of the Company. In assessing value in use, the estimated of future cash flows are discounted to its present value using a pre-tax discount rate of 13.92%.

Based on the result of the assessment, the management of the Company determined that the recoverable amount of property, plant and equipment and right-of-use assets were lower than the carrying amount. The management has allocated the impairment loss to each category of property, plant and equipment and right-of-use assets such that carrying amount of each category of assets is not reduced below the highest of its fair value less cost of disposal and its value in use.

## 14. INVESTMENT PROPERTY

| | SGD'000 |
|---|---|
| **Cost** | |
| As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 | 1,550 |
| **Accumulated depreciation** | |
| As at 1 January 2020 | 155 |
| Charge for the year | 26 |
| As at 31 December 2020 and 1 January 2021 | 181 |
| Charge for the year | 26 |
| As at 31 December 2021 | 207 |
| **Carrying amount** | |
| **As at 31 December 2021** | 1,343 |
| As at 31 December 2020 | 1,369 |

The investment property of the Group consists of an industrial building. It was located at 81 Tagore Lane, #02–22, Tag. A, Singapore 787502 on a leasehold land. The estimated useful life of the investment property is 60 years. The investment property is stated at a cost less accumulated depreciation and any impairment loss.

For disclosure purpose, the fair value of the Group's investment property at 31 December 2021 is SGD1,780,000 (2020: SGD1,742,000). The fair value has been arrived at on the basis of a valuation carried out by Vincorn Consulting and Appraisal Limited ("**Vincorn**"), an independent qualified professional valuer not connected with the Group.

The fair value was determined based on the market comparable approach that reflects recent transactions prices for similar properties, adjusted for differences in nature, location and conditions of the properties under review. There has been no change from the valuation technique used in the prior year. The valuation was based in most recent selling prices of comparable properties. In estimating the fair value of the property their current use equal to their highest and best use.

Details of the Group's investment property and information about the fair value hierarchy as at 31 December 2021 and 2020 are as follows:

| | **Level 2 fair value measurement** | |
|---|---|---|
| | **2021 SGD'000** | 2020 SGD'000 |
| **Recurring fair value measurement for:** | | |
| — Property located in Singapore | **1,780** | 1,742 |

## 15. RIGHT-OF-USE ASSETS

The Group does not have the option to purchase the right-of-use assets for a nominal amount at the end of the lease terms.

| | Office premises<br>SGD'000 |
|---|---|
| **As at 31 December 2021** | |
| Carrying amount | – |
| **As at 31 December 2020** | |
| Carrying amount | 129 |
| **For the year ended 31 December 2021** | |
| Impairment | 246 |
| Depreciation charge | 109 |
| **For the year ended 31 December 2020** | |
| Depreciation charge | 150 |

| | **2021**<br>**SGD'000** | 2020<br>SGD'000 |
|---|---|---|
| Covid-19 related rent concession | **4** | 20 |
| Expense relating to short-term leases | **91** | 70 |
| Total cash outflow for leases | **107** | 154 |
| Additions to right-of-use assets | **257** | 163 |

Details of impairment assessment on right-of-use assets, please refer to note 13.

## 16. INTEREST IN AN ASSOCIATE

| | **2021**<br>**SGD'000** |
|---|---|
| Unlisted investments: | |
| Investment at cost | **8,035** |
| Share of post-acquisition loss and other comprehensive loss | **(106)** |
| Less: impairment loss | **(7,903)** |
| Exchange adjustments | **(1)** |
| | **25** |

During the year, an aggregated impairment loss on interest in an associate of approximately SGD7,903,000 was recognised in the Group's consolidated statement of profit or loss on the basis of material decline in the recoverable amount which was below the carrying amount and adverse changes in the market in which the associate operated.

## 16. INTEREST IN AN ASSOCIATE (Continued)

The recoverable amount of the associate determined based on the value in use calculation under the income approach, which includes the discounted cash flows sourced from the financial budgets approved by the management covering a 5-year period, and the pre-tax discount rate of 10.79% that reflects current market assessment of the time value of money and the risks specific to the associate.

Cash flow projections during the budget period are based on the expected revenue from existing and potential customers throughout the budget period. The cash flows beyond that 5-year period have been extrapolated using a steady 2.5% perpetual growth rate. The growth rate does not exceed the long term average growth rate for the market.

Details of the Group's associate is as follows:

| Name of Company | Country of incorporation/ principal place of business | Issued share capital | Proportion of ownership interests held by the Group<br>2021 | Principal Activity |
|---|---|---|---|---|
| Eidea Professional Services Company Limited | Hong Kong | 2,000,000 ordinary shares of HK$1.00 each | **40%** | Provision of professional valuation services |

*Notes:*

(i) On 31 May 2021, the Company and Mr. Lau Yu Fung (the "**Vendor**") entered into the agreement, pursuant to which the Company is conditionally agreed to purchase 40% equity interest in Eidea Professional Services Company Limited ("**Eidea**") at an aggregate consideration of approximately HK$21,600,000. The consideration was satisfied by the allotment and issuance of 120,000,000 new shares (the "**Consideration Shares**") at the issue price of HK$0.18 per Share by the Company to the Vendor. The acquisition was completed on 13 July 2021. Upon Completion, Eidea becomes an associate of the Group.

(ii) The associate is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

| | 2021<br>SGD'000 |
|---|---|
| Current assets | **1,234** |
| Non-current assets | **609** |
| Current liabilities | **(613)** |
| Non-current liabilities | **(1,229)** |

## 16. INTEREST IN AN ASSOCIATE (Continued)

| | For the period from 13 July 2021 to 31 December 2021 SGD'000 |
|---|---|
| Revenue | 262 |
| Loss for the period | (265) |
| Other comprehensive expense for the year | – |
| Total comprehensive expense for the year | (265) |

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements is as follows:

| | 2021 SGD'000 |
|---|---|
| Net assets of Eidea | 1 |
| Proportion of the Group's ownership interest in Eidea | 40% |
| The Group's share of net assets of Eidea | 1 |
| Goodwill | 7,927 |
| Less: Impairment loss recognised | (7,903) |
| Carrying amount of the interest in Eidea | 25 |

## 17. TRADE AND OTHER RECEIVABLES

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Trade receivables | 2,186 | 2,421 |
| Less: Allowance for expected credit losses | (120) | (39) |
| | 2,066 | 2,382 |
| Other receivables | 30 | 53 |
| Prepayments and deposits | 134 | 231 |
| Less: Allowance for expected credit losses | (1) | (2) |
| | 163 | 282 |
| | 2,229 | 2,664 |

## 17. TRADE AND OTHER RECEIVABLES (Continued)

### Trade receivables

The Group usually provides clients with a credit term of 0 to 30 days. For the settlement of trade receivables from provision of engineering consultancy services, the Group usually reaches an agreement on the term of each payment with the client by taking into account factors such as, among other things, the credit history of the client, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

The ageing analysis of the trade receivables based on the invoice date, net of allowance for expected credit losses, is as follows:

| | 2021<br>SGD'000 | 2020<br>SGD'000 |
|---|---|---|
| 0–30 days | **1,374** | 1,338 |
| 31–60 days | **467** | 434 |
| 61–90 days | **68** | 114 |
| 91–180 days | **64** | 322 |
| 181–270 days | **69** | 56 |
| 271–365 days | **–** | 43 |
| Over 365 days | **24** | 75 |
| | **2,066** | 2,382 |

At the end of each reporting period, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. Based on this assessment, an allowance for expected credit losses approximately SGD120,000 has been recognised as at 31 December 2021 (2020: SGD39,000).

Details of impairment assessment of trade and other receivables are set out in Note 32(d).

## 18. CONTRACT ASSETS/LIABILITIES

The following is the analysis of the contract assets and contract liabilities balances for financial reporting purposes.

| | 2021 | 2020 |
|---|---|---|
| Contract assets, net of allowance | **471** | 1,734 |
| Contract liabilities | **(19)** | – |

## 18. CONTRACT ASSETS/LIABILITIES (Continued)

### Contract assets

| | **2021 SGD'000** | 2020 SGD'000 |
|---|---|---|
| Contract assets | **694** | 1,747 |
| Less: Allowance for expected credit losses | **(223)** | (13) |
| | **471** | 1,734 |

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

Movements of the contract assets balances during the years ended 31 December 2021 and 2020 are as follows:

| | **2021 SGD'000** | 2020 SGD'000 |
|---|---|---|
| Transfers to trade receivables from contract assets recognised at the beginning of the year | **1,194** | 2,284 |

### Contract liabilities

The contract liabilities represents the Group's obligations to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers. The Group's contract liabilities are analysed as follows:

| | **2021 SGD'000** | 2020 SGD'000 |
|---|---|---|
| Service contract | **19** | – |

None of the revenue recognised during the year relates to performances obligations that were satisfied in prior year.

## 19. CASH AND BANK BALANCES

| | **2021 SGD'000** | 2020 SGD'000 |
|---|---|---|
| Cash and bank balances *(note)* | **3,880** | 4,804 |

*Note:*

Cash at banks carrying interest at variable rates which range from 0.1% to 3.3% per annum for the year ended 31 December 2021 (2020: 0.1% to 2.9% per annum).

## 20. TRADE AND OTHER PAYABLES

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Trade payables | **134** | 90 |
| Other payables | **294** | 647 |
| Accrued expenses | **882** | 730 |
| | **1,310** | 1,467 |

The Group is usually granted by subcontractors with a credit term of 0 to 30 days. The ageing analysis of trade payables based on the invoice date is as follows:

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| 0–30 days | **–** | 82 |
| 31–60 days | **71** | 5 |
| 61–90 days | **–** | – |
| 91–180 days | **12** | 3 |
| Over 180 days | **51** | – |
| | **134** | 90 |

## 21. BORROWING

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Current — secured | | |
| Bank loan *(Note)* | **51** | 50 |
| Non-current — secured | | |
| Bank loan *(Note)* | **740** | 790 |
| | **791** | 840 |

## 21. BORROWING (Continued)

According to the repayment schedule, the bank loan is repayable as follows:

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Within one year | **51** | 50 |
| More than one year, but not more than two years | **53** | 47 |
| More than two years, but not more than five years | **170** | 184 |
| More than five years | **517** | 559 |
| | **791** | 840 |

*Note:*

As at 31 December 2021 and 2020, the mortgage loan facility was secured by the investment property with carrying amount of approximately SGD1,343,000 (Note 14) and bear floating interest rate ranging from 3.1% to 3.5% (2020: from 4% to 4.8%) for the year ended 31 December 2021.

## 22. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, non-interest bearing, non-trade nature and repayable on demand.

## 23. LEASE LIABILITIES

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Minimum lease payments due: | | |
| Within one year | **122** | 76 |
| More than one year but not later than two years | **88** | 62 |
| More than two years but not exceeding five years | **64** | – |
| | **274** | 138 |
| Less: Future finance charges | **(19)** | (5) |
| Present value of lease liabilities | **255** | 133 |
| Analysed as: | | |
| Current | **112** | 72 |
| Non-current | **143** | 61 |
| | **255** | 133 |

The weighted average incremental borrowing rates applied to lease liabilities ranged from 3.5% to 4.9% (2020: from 3.4% to 6.4%).

## 24. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

| | Number of shares | Amount | |
|---|---|---|---|
| | | HK$'000 | SGD'000 |
| Authorised: | | | |
| As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 | | | |
| Ordinary shares of HK$0.01 each | 5,000,000,000 | 50,000 | 8,803 |
| Issued and fully paid: | | | |
| As at 1 January 2020, 31 December 2020 and 1 January 2021 | 600,000,000 | 6,000 | 1,048 |
| Issuance of consideration shares *(note)* | 120,000,000 | 1,200 | 209 |
| As at 31 December 2021 | 720,000,000 | 7,200 | 1,257 |

*Note:*

On 13 July 2021, 120,000,000 consideration shares were issued at market price of HK$0.385 per share in relation to acquisition of an associate (note 16). Difference between nominal value of share issue of approximately SGD7,826,000 standing to the credited for the Share Premium.

## 25. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Scheme**") on 6 November 2019 (the "**adoption Date**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

As at 31 December 2021, a total of 72,000,000 (2020: 60,000,000) shares, representing 10% of the issued shares, were available for issue under the Scheme.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2021 and 2020.

The following is a summary of the principal terms of the Scheme conditionally approved and adopted by written resolutions of our then shareholders on 6 November 2019.

### (a) Purpose

The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, subcontractors, agents, clients, business partners or service providers of our Group and to promote the success of the business of our Group.

### (b) Who may join and basis of eligibility

On and subject to the terms of the Scheme and the requirements of the GEM Listing Rules, the Board shall be entitled to, at its absolute discretion and on such terms as it deems fit, grant options to any participant.

### (c) Price of shares

The subscription price of a share in respect of any particular option granted under the Scheme shall be a price solely determined by our board and notified to a participant and shall be at least the higher of:

(i) the closing price of our shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day;

(ii) the average of the closing prices of our shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and

(iii) the nominal value of a share on the date of grant of the option.

For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the issue price of the Shares on the Stock Exchange shall be used as the closing price for any business day fall within the period before listing.

### (d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.00.

## 25. SHARE OPTION SCHEME (Continued)

### (e) Maximum number of Shares

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at 31 December 2021.

### (f) Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (except for any INED or substantial shareholder of the Company) (including both exercised and outstanding options under the Scheme) in the twelve-month period expiring on the offer date must not exceed 1% of the issued Shares.

Where any further grant of options to an eligible person would result in excess of such limit shall be subject to the approval of the Shareholders at general meeting with such eligible person and his associates abstaining from voting. In seeking such approval, a circular must be sent to the shareholders containing the required details in accordance with Chapter 23 of the GEM Listing Rules.

### (g) Grant of options to certain connected persons

(i) Any grant of an option to a director, chief executive or substantial shareholder of our Company (or any of their respective close associates) must be approved by our independent non-executive Directors (excluding any independent non-executive director who is the grantee of the option).

(ii) Where any grant of options to a substantial shareholder or an independent non-executive director (or any of their respective close associates) will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

(a) representing in aggregate over 0.1% of our shares in issue; and

(b) having an aggregate value, based on the closing price of our shares at the date of each grant, in excess of HK$5 million,

such further grant of options is required to be approved by our shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the GEM Listing Rules in this regard. All core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial shareholder or an independent non-executive director or any of their respective close associates is also required to be approved by our shareholders in the aforesaid manner.

## 25. SHARE OPTION SCHEME (Continued)

### (h) Restrictions on the times of grant of options

(i) Our Company may not grant any options after inside information has come to its knowledge until such inside information has been announced. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and

(b) the deadline for our Company to publish an announcement of the results for any year, or half-year under the GEM Listing Rules, or quarterly or other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement.

(ii) Further to the restrictions in paragraph (i) above, no option may be granted to a director on any day on which financial results of our Company are published:

(a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half year period up to the publication date of the results.

### (i) Time of exercise of option

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

## 26. PLEDGE OF ASSET

At the end of each reporting period, the following asset was pledged to bank to secure the Group's banking facility:

| | **2021**<br>**SGD'000** | 2020<br>SGD'000 |
|---|---|---|
| Investment property | **1,343** | 1,369 |

## 27. RETIREMENT BENEFIT PLANS

The Group operates the MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (2020: HK$30,000). Contributions to the plan vest immediately.

The CPF is a comprehensive social security system that enables working citizens and permanent residents of Singapore to set aside funds for retirement. We are required to pay monthly to the CPF in respect of each employee, who is either a citizen or permanent resident of Singapore, contributions at the contribution rates prescribed under the Central Provident Fund Act (Cap 36) of Singapore ("**CPFA**").

Pursuant to section 7(2) of the CPFA, the employer is allowed to recover certain amounts as stipulated in the CPFA from the monthly wages of an employee.

Section 7(3) of the CPFA provides that any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPFA and fails to pay the contributions to the CPF within such time as may be prescribed, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Section 9 of the CPFA provides that, where the amount of the contributions which an employer is liable to pay in respect of any month is not paid within the prescribed period for payment, the employer shall be liable to pay interest on the amount for every day the amount remains unpaid commencing from the first day of the month succeeding the month in respect of which the amount is payable and the interest shall be calculated at the rate of 1.5% per month or the sum of S$5.00, whichever is the greater.

The CPFA provides that in general if any person convicted of an offence under the CPFA for which no penalty is provided shall be liable on conviction to pay a fine not exceeding S$5,000 or to imprisonment for a term not exceeding 6 months or both, and if that person is a repeat offender for the same offence, to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or both.

The total expense recognised in consolidated statement of profit or loss and other comprehensive income of approximately SGD684,000 (2020: SGD771,000), represent contributions paid and/or payable to the scheme by the Group for the year ended 31 December 2021.

The employees of the Group's subsidiary in Vietnam are members of a state-managed retirement benefit scheme operated by the local government. The subsidiary is required to a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group's subsidiary in Vietnam with respect to the retirement benefit scheme is to make the specified contributions. The total contribution to the state-managed retirement benefit scheme and charged to profit or loss amounted to approximately SGD207,000 (2020: SGD181,000) for the year ended 31 December 2021.

For the years ended 31 December 2021 and 2020, there was no forfeiture of retirement benefit contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group. As at 31 December 2021 and 2020, no forfeited contribution under the retirement benefit plans of the Group is available to reduce the contribution payable in future years.

## 28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Notes | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment in a subsidiary | | **13** | 13 |
| Interest in an associate | | **25** | – |
| | | **38** | 13 |
| **Current assets** | | | |
| Prepayment | | **2** | – |
| Amounts due from subsidiaries | | **497** | 497 |
| Cash and bank balances | | **986** | 1,560 |
| | | **1,485** | 2,057 |
| **Current liabilities** | | | |
| Other payables | | **229** | 182 |
| Amounts due to subsidiaries | | **79** | 16 |
| | | **308** | 198 |
| **Net current assets** | | **1,177** | 1,859 |
| **Total assets less current liabilities** | | **1,215** | 1,872 |
| **Net assets** | | **1,215** | 1,872 |
| **Capital and reserves** | | | |
| Share capital | *24* | **1,257** | 1,048 |
| Reserves | *29* | **(42)** | 824 |
| Total equity | | **1,215** | 1,872 |

Approved and authorised for issue by the board of directors on 6 June 2022 and signed on its behalf by:

**Wong Seng**
*Executive Director*

**Leow Geok Mui**
*Executive Director*

## 29. RESERVES OF THE COMPANY

| | Share premium SGD'000 | Other reserve SGD'000 | Exchange reserve SGD'000 | Accumulated losses SGD'000 | Total SGD'000 |
|---|---|---|---|---|---|
| As at 1 January 2020 | 6,928 | (68) | – | (4,508) | 2,352 |
| Loss and total comprehensive loss for the year | – | – | – | (1,528) | (1,528) |
| As at 31 December 2020 and 1 January 2021 | 6,928 | (68) | – | (6,036) | 824 |
| Loss and total comprehensive loss for the year | – | – | (1) | (8,691) | (8,692) |
| Issuance of consideration shares *(Note 24)* | 7,826 | – | – | – | 7,826 |
| **As at 31 December 2021** | 14,754 | (68) | (1) | (14,727) | (42) |

As at 31 December 2021, the Company had no distributable reserves (2020: approximately SGD824,000) calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

## 30. OPERATING LEASE ARRANGEMENTS

### As lessor

As at 31 December 2021 and 2020, the undiscounted lease payments receivable on lease is as follow:

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Within one year | **5** | 44 |

The property held by the Group for rental purpose has committee lease within one year.

## 31. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances and transactions detailed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the years ended 31 December 2021 and 2020.

### Key management personnel remuneration

The emoluments of the key management personnel, including the directors of the Company as disclosed in note 12, and senior management of the Company during the both years are as follows:

| | 2021 SGD'000 | 2020 SGD'000 |
|---|---|---|
| Salaries, fee and allowances | **1,228** | 1,135 |
| Discretionary bonuses | **–** | 180 |
| Retirement scheme contributions | **59** | 55 |
| | **1,287** | 1,370 |

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include market risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the board of directors.

The Group's exposure to these risks and the financial risk management policies and practises used by the Group to manage these risks are described below.

### (a) Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and liabilities:

| | 2021<br>SGD'000 | 2020<br>SGD'000 |
|---|---|---|
| **Financial assets** | | |
| Amortised cost: | | |
| — Trade receivable, other receivables and deposits | **2,128** | 2,486 |
| — Cash and bank balance | **3,880** | 4,804 |
| | **6,008** | 7,290 |
| **Financial liabilities** | | |
| Amortised cost: | | |
| — Trade payable, other payables and accrued expenses | **1,302** | 1,437 |
| — Amount due to a director | **187** | 184 |
| — Lease liabilities | **255** | 133 |
| — Borrowing | **791** | 840 |
| | **2,535** | 2,594 |

### (b) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings and balance due to changes of interest rate.

The directors of the Company consider the Group's exposures in relation to the bank balance are not significant as interest bearing bank balance have short maturity period and thus they are not included in sensitivity analysis.

The Group currently does not have any interest rate hedging policy. However, management closely monitors its exposure to future cash flow interest rate risk as a result of changes in market interest rates will consider hedging changes in market interest rates should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management Note 32(e).

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### (b) Interest rate risk (Continued)

**Sensitivity analysis**

As at 31 December 2021, if the interest rate on all variable-rate borrowings and lease liabilities had been 100 basis points higher/lower with all other variables held constant, the Group's loss for the year would have been decreased/increased by approximately SGD9,700 (2020: SGD8,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of each of the reporting period and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 100-basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis during the reporting period.

### (c) Currency risk

The carrying amounts of the Group's monetary assets (including bank balances) denominated in currencies other than functional currency of the respective group entity at the end of each reporting period are as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2021 SGD'000** | 2020 SGD'000 | **2021 SGD'000** | 2020 SGD'000 |
| HKD | **1,298** | 1,560 | **229** | 182 |
| USD | **280** | 235 | **–** | – |

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

**Sensitivity analysis**

The following table details the Group's sensitivities to a 10% increase and decrease in the functional currency of the group against relevant foreign currency. 10% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign currency rate. The sensitivity analysis includes USD and HKD denominated monetary items and adjusted their translation at the end of the reporting period for a 10% change. A positive number indicates an increase in loss for the year SGD strengths 10% against USD and HKD. For a 10% weakening of SGD against USD and HKD, there would be an equal but opposite impact on the loss for the year.

| | **2021 SGD'000** | 2020 SGD'000 |
|---|---|---|
| HKD | **–/+107** | –/+138 |
| USD | **–/+28** | –/+24 |

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposure at the end of each reporting period do not reflect the exposure during the years ended 31 December 2021 and 2020.

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### (d) Credit risk

Credit risk refers to the risk that the Group's counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to clients in the ordinary course of its operations. The Group's maximum exposure to credit risk on recognised financial assets and contract assets is limited to the carrying amount at end of each reporting period.

In respect of trade and other receivables and contract assets, individual credit evaluations are performed on all clients and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable and contract asset balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 December 2021, the Group has concentration of credit risk as 13.3% and 43.5% (2020: 10.17% and 32.39%) of the total trade receivables were due from the Group's largest trade debtor and five largest trade debtors respectively. The aggregate amounts of trade receivables from these trade debtors amounted to approximately SGD275,000 and SGD899,000 (2020: SGD242,000 and SGD772,000), of the Group's total trade receivables at 31 December 2021 respectively.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward looking information. Internal credit rating, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations, actual or expected significant changes in the operating results of the borrower and significant changes in the expected performance and behavior of the borrower including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower are indicators to be incorporated.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical elements and forward looking elements.

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### (d) Credit risk (Continued)

#### (i) Trade receivable and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables and contract assets. Based on historical and forward looking elements of the Group, it was determined that no loss allowance provision is necessary in respect of these balances.

***Trade Receivable***

| 31 December 2021 | Expected loss rate % | Gross carrying amount SGD'000 | Loss allowance SGD'000 |
|---|---|---|---|
| **As at 31 December 2021** | | | |
| Neither past due nor impaired | **1.1** | **1,389** | **15** |
| Less than 30 days past due | **1.7** | **475** | **8** |
| 31 to 60 days past due | **4.2** | **71** | **3** |
| 61 days to 90 days past due | **8.3** | **12** | **1** |
| Over 90 days past due | **17.0** | **176** | **30** |
| Individual assessment | **100.0** | **63** | **63** |
| | | **2,186** | **120** |

| 31 December 2020 | Expected loss rate % | Gross carrying amount SGD'000 | Loss allowance SGD'000 |
|---|---|---|---|
| **As at 31 December 2020** | | | |
| Neither past due nor impaired | 0.6 | 1,346 | 8 |
| Less than 30 days past due | 0.7 | 437 | 3 |
| 31 to 60 days past due | 1.8 | 116 | 2 |
| 61 days to 90 days past due | 3.8 | 197 | 8 |
| Over 90 days past due | 5.6 | 325 | 18 |
| | | 2,421 | 39 |

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### (d) Credit risk (Continued)

#### (i) Trade receivable and contract assets (Continued)

***Contract assets***

| 31 December 2021 | Expected loss rate % | Gross carrying amount SGD'000 | Loss allowance SGD'000 |
|---|---|---|---|
| **As at 31 December 2021** | | | |
| Neither past due nor impaired | **1.1** | **476** | **5** |
| Individual assessment | **100.0** | **218** | **218** |
| | | **694** | **223** |

| 31 December 2020 | Expected loss rate % | Gross carrying amount SGD'000 | Loss allowance SGD'000 |
|---|---|---|---|
| **As at 31 December 2020** | | | |
| Neither past due nor impaired | 0.8 | 1,747 | 13 |

#### (ii) Other receivables and deposits

As at 31 December 2021 and 2020, the Group expects that the credit risk associated with other receivables and deposits is considered to be low, since the majority of these balances are deposits paid to landlord. The Group has assessed that the expected credit losses for these receivables are not material under the 12 months expected losses method.

| Other receivables | Expected loss rate % | Gross carrying amount SGD'000 | Loss allowance SGD'000 |
|---|---|---|---|
| **As at 31 December 2021** | | | |
| Neither past due nor impaired | **1.6** | **62** | **1** |

| Other receivables | Expected loss rate % | Gross carrying amount SGD'000 | Loss allowance SGD'000 |
|---|---|---|---|
| **As at 31 December 2020** | | | |
| Neither past due nor impaired | 1.8 | 107 | 2 |

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### (d) Credit risk (Continued)

#### (ii) Other receivables and deposits (Continued)

The closing loss allowances for including trade receivables, contract assets and other receivables as at 31 December 2021 and 2020 reconcile to the opening loss allowances as follows:

| | Trade receivables (Lifetime ECL non credit-impaired) SGD'000 | Trade receivables (Lifetime ECL credit-impaired) SGD'000 | Contract assets (Lifetime ECL non credit-impaired) SGD'000 | Contract assets (Lifetime ECL credit-impaired) SGD'000 | Other receivables 12m ECL SGD'000 | Total SGD'000 |
|---|---|---|---|---|---|---|
| As at 1 January 2020 | – | – | – | – | – | – |
| Increase in loss allowance recognised in profit or loss during the year | (39) | – | (13) | – | (2) | (54) |
| As at 31 December 2020 and 1 January 2021 | (39) | – | (13) | – | (2) | (54) |
| Reversal of loss allowance recognised in profit or loss during the year | – | – | 8 | – | 1 | 9 |
| Increase in loss allowance recognised in profit or loss during the year | (18) | (63) | – | (217) | – | (298) |
| Exchange alignment | – | – | – | (1) | – | (1) |
| **As at 31 December 2021** | **(57)** | **(63)** | **(5)** | **(218)** | **(1)** | **(344)** |

#### (iii) Cash and bank balances

In relation to the Group's cash and bank balances, the Group limits its exposure to credit risk by placing deposits with financial institution with high credit rating and no recent history of default. The directors consider that the Group's credit risk on cash and bank balances is low. Management continues to monitor the position and will take appropriate action if their ratings are changed.

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### (e) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amount due to a director and amount due to a related party, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

| | Weighted average effective interest rate % | On demand or within 1 year SGD'000 | More than 1 year but less than 2 years SGD'000 | More than 2 year but less than 5 years SGD'000 | Over 5 years SGD'000 | Undiscounted cash flows SGD'000 | Total carrying amount SGD'000 |
|---|---|---|---|---|---|---|---|
| **As at 31 December 2021** | | | | | | | |
| Trade and other payables | **–** | **1,302** | **–** | **–** | **–** | **1,302** | **1,302** |
| Amount due to a director | **–** | **187** | **–** | **–** | **–** | **187** | **187** |
| Lease liabilities | **4.8** | **122** | **88** | **64** | **–** | **274** | **255** |
| Borrowing | **3.4** | **77** | **77** | **231** | **588** | **973** | **791** |
| | | **1,688** | **165** | **295** | **588** | **2,736** | **2,535** |

| | Weighted average effective interest rate % | On demand or within 1 year SGD'000 | More than 1 year but less than 2 years SGD'000 | More than 2 year but less than 5 years SGD'000 | Over 5 years SGD'000 | Undiscounted cash flows SGD'000 | Total carrying amount SGD'000 |
|---|---|---|---|---|---|---|---|
| As at 31 December 2020 | | | | | | | |
| Trade and other payables | – | 1,437 | – | – | – | 1,437 | 1,437 |
| Amount due to a director | – | 184 | – | – | – | 184 | 184 |
| Lease liabilities | 3.4 | 76 | 62 | – | – | 138 | 133 |
| Borrowing | 4.0 | 77 | 77 | 231 | 660 | 1,045 | 840 |
| | | 1,774 | 139 | 231 | 660 | 2,804 | 2,594 |

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### (f) Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

— The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

— The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to relatively short-term nature of these financial instruments.

## 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

At the end of the reporting period, the Company has direct or indirect equity interests in the following principal subsidiaries:

| Name of subsidiaries | Place and date of incorporation/ establishment | Date of incorporation/ establishment | Registered capital | Paid up capital | Proportion of ownership interest Directly | Proportion of ownership interest Indirectly | Principal activities |
|---|---|---|---|---|---|---|---|
| Lion City Global Limited | British Virgin Island ("**BVI**") | 28 May 2018 | USD50,000 | USD50,000 | 100% | – | Investment holding |
| TW-Asia Consultants Company Limited | Vietnam | 27 December 2006 | VND 7,417,800,476 | VND 7,417,800,476 | – | 100% | Provision of Civil and Structural and geotechnical engineering consultancy Services |
| Artus Consultancy Services Pte Ltd | Singapore | 22 January 2005 | SGD50,000 | SGD50,000 | – | 100% | Holding of investment property |
| TW-Asia Consultants Pte Ltd | Singapore | 5 June 2013 | SGD500,000 | SGD500,000 | – | 100% | Provision of Civil and Structural engineering consultancy services |

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the result or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

## 34. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to maintain capital structure in order to minimise the costs of capital, support its business and maximise shareholders' value.

The capital structure of the Group consists of net debt, borrowing, amount due to a director and lease liabilities, disclosed in notes 21, 22 and 23. Net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt.

The following is the debt to equity ratio at the end of each year ended:

| | **2021<br>SGD'000** | 2020<br>SGD'000 |
|---|---|---|
| Total borrowings *(Note (a))* | **1,233** | 1,157 |
| Less: cash and cash equivalents *(Note (c))* | **(3,880)** | (4,804) |
| Net assets | **(2,647)** | (3,647) |
| Total equity *(Note (b))* | **5,650** | 8,326 |
| Debt to equity ratio | **N/A** | N/A |

*Notes:*

(a) Total borrowings represent borrowing, amount due to a director and lease liabilities.

(b) Total equity includes share capital and reserves at the end of each reporting period.

(c) Cash and cash equivalents include cash and bank balances.

## 35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

| | Lease liabilities SGD'000 | Amount due to a director SGD'000 | Borrowing SGD'000 | Total SGD'000 |
|---|---|---|---|---|
| As at 1 January 2020 | (124) | (227) | (885) | (1,236) |
| Accrued interest | (6) | – | (35) | (41) |
| Addition of lease liabilities | (163) | – | – | (163) |
| Interest paid | 6 | – | 35 | 41 |
| Financing cash outflows | 154 | 43 | 45 | 242 |
| As at 31 December 2020 | (133) | (184) | (840) | (1,157) |
| As at 1 January 2021 | **(133)** | **(184)** | **(840)** | **(1,157)** |
| Accrued interest | **(10)** | **–** | **(28)** | **(38)** |
| Addition of lease liabilities | **(257)** | **–** | **–** | **(257)** |
| Termination of lease | **28** | **–** | **–** | **28** |
| Interest paid | **10** | **–** | **28** | **38** |
| Financing cash outflows/(inflows) | **107** | **(3)** | **49** | **153** |
| **As at 31 December 2021** | **(255)** | **(187)** | **(791)** | **(1,233)** |

## 36. AUTHORISATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 6 June 2022.

# Financial Summary

For the year ended 31 December 2021

A summary of the results, and of the assets, liabilities and non-controlling interest of the Group for the last five financial years, as extracted from the published audited consolidated financial statements or published prospectus of the Company is set out below.

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2021 SGD'000** | 2020 SGD'000 | 2019 SGD'000 | 2018 SGD'000 | 2017 SGD'000 |
| **RESULTS** | | | | | |
| REVENUE | **8,846** | 9,323 | 12,959 | 10,349 | 8,440 |
| Cost of services | **(8,084)** | (8,627) | (6,826) | (5,148) | (3,652) |
| Gross profit | **762** | 696 | 6,133 | 5,201 | 4,788 |
| Other income, gains and losses, net | **769** | 983 | 74 | 65 | 80 |
| Administrative expenses | **(3,634)** | (4,880) | (3,199) | (2,380) | (1,693) |
| Allowance for expected credit losses, net | **(289)** | (54) | – | – | – |
| Impairment losses on property, plant and equipment and right-of-use assets | **(334)** | – | – | – | – |
| Listing expenses | **–** | – | (3,276) | (950) | – |
| Impairment loss on interest in an associate | **(7,903)** | – | – | – | – |
| Share of result of associate | **(106)** | – | – | – | – |
| Finance costs | **(38)** | (41) | (57) | (47) | (45) |
| (Loss)/profit before income tax | **(10,773)** | (3,296) | (325) | 1,889 | 3,130 |
| Income tax expense | **–** | (33) | (504) | (608) | (556) |
| (Loss)/profit for the year | **(10,773)** | (3,329) | (829) | 1,281 | 2,574 |
| Attributable to: | | | | | |
| Owners of the Company | **(10,773)** | (3,329) | (829) | 1,281 | 2,574 |

## ASSETS, LIABILITIES AND EQUITY

| | **2021 SGD'000** | 2020 SGD'000 | 2019 SGD'000 | 2018 SGD'000 | 2017 SGD'000 |
|---|---|---|---|---|---|
| TOTAL ASSETS | **8,247** | 11,114 | 14,916 | 7,658 | 7,552 |
| TOTAL LIABILITIES | **(2,597)** | (2,788) | (3,270) | (3,010) | (2,495) |
| TOTAL EQUITY | **5,650** | 8,326 | 11,646 | 4,648 | 5,057 |

* The shares of the Company were initially listed on the GEM of The Stock Exchange of Hong Kong Limited.