卓航控股集團
Trendzon Holdings Group Limited

Trendzon Holdings Group Limited
卓航控股集團有限公司

(formerly known as Pipeline Engineering Holdings Limited 管道工程控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1865)

ANNUAL REPORT 2021

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Michael Shi Guan Wah
(Joint Chairman and Chief Executive Officer)
(Appointed as Joint Chairman on 30 October 2020)
Ms. Feng Jiamin *(Joint Chairman)*
(Re-designated as executive Director on 21 September 2020 and appointed as Joint Chairman on 30 October 2020)
Mr. Lok Ka Ho
(Appointed on 11 November 2020)
Mr. Shi Guan Lee
(Resigned on 21 September 2020)
Mr. Shi Hong Sheng (Xu Hongsheng)
(Resigned on 11 November 2020)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cher Choong Kiak
Mr. Chiam Soon Chian (Zhan Shunquan)
Mr. Choo Chih Chien Benjamin
Mr. Tong Wing Chi
(Appointed on 21 September 2020)
Mr. Shek Jun Chong
(Appointed on 11 November 2020)
Mr. Qiu Yue
(Appointed on 11 November 2020)

AUDIT COMMITTEE

Mr. Chiam Soon Chian (Zhan Shunquan) *(Chairman)*
Mr. Cher Choong Kiak
Mr. Choo Chih Chien Benjamin
Mr. Tong Wing Chi
(Appointed on 21 September 2020)
Mr. Shek Jun Chong
(Appointed on 11 November 2020)
Mr. Qiu Yue
(Appointed on 11 November 2020)

REMUNERATION COMMITTEE

Mr. Cher Choong Kiak *(Chairman)*
Mr. Chiam Soon Chian (Zhan Shunquan)
Mr. Shek Jun Chong
(Appointed on 11 November 2020)
Mr. Qiu Yue
(Appointed on 11 November 2020)
Mr. Shi Hong Sheng (Xu Hongsheng)
(Resigned on 11 November 2020)

NOMINATION COMMITTEE

Mr. Choo Chih Chien Benjamin *(Chairman)*
Mr. Michael Shi Guan Wah
Mr. Chiam Soon Chian (Zhan Shunquan)
Mr. Shek Jun Chong
(Appointed on 11 November 2020)
Mr. Qiu Yue
(Appointed on 11 November 2020)

COMPANY SECRETARY

Mr. Tse Fung Chun
(Appointed on 21 September 2020)
Mr. Hwang Hauzen Basil
(Resigned on 21 September 2020)

AUTHORISED REPRESENTATIVES

Ms. Feng Jiamin
(Appointed on 21 September 2020)
Mr. Tse Fung Chun
(Appointed on 21 September 2020)
Mr. Michael Shi Guan Wah
(Resigned on 21 September 2020)
Mr. Hwang Hauzen Basil
(Resigned on 21 September 2020)

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

36 Sungei Kadut Avenue
Singapore 729661

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

23/F., Central 88
No. 88-98 Des Voeux Road Central
Hong Kong

INDEPENDENT AUDITOR

Linksfield CPA Limited
(Certified Public Accountants)
Registered Public Interest Entity Auditor

LEGAL ADVISER

Howse Williams
27/F. Alexandra House
18 Chater Road, Central
Hong Kong

PRINCIPAL BANKER

DBS Bank Ltd
12 Marina Boulevard
Level 43, DBS Asia Central @ Marina Bay
Financial Centre Tower 3
Singapore 018982

Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

United Overseas Bank Limited
80 Raffles Place
#11–00 UOB Plaza 1
Singapore 048624

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
(with effect from 5 August 2021)
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

Tricor Investor Services Limited
(effective till 4 August 2021)
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

COMPANY WEBSITE

www.pipeline-engineering-holdings.com

STOCK CODE

1865

FIVE YEARS FINANCIAL SUMMARY

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March				
	2021	2020	2019	2018	2017
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Revenue	**43,450**	27,284	30,211	23,419	28,408
Cost of sales	**(33,470)**	(22,861)	(22,435)	(16,021)	(22,690)
Gross profit	**9,980**	4,423	7,776	7,398	5,718
Profit before income tax	**4,054**	1,853	1,760	5,281	3,599
Profit and total comprehensive income for the year attributable to owners of the Company	**3,253**	1,568	684	4,498	3,250

ASSETS AND LIABILITIES

	Year ended 31 March				
	2021	2020	2019	2018	2017
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Total assets	**73,936**	44,960	49,846	29,230	28,354
Total liabilities	**33,493**	7,770	14,211	13,006	10,628
Total equity	**40,443**	37,190	35,635	16,224	17,726

Note 1: The summary above does not form part of the audited financial statements.

STATEMENT OF JOINT CHAIRMEN

Dear Shareholders,

Our behalf of the board (the "**Board**") of directors (the "**Directors**") of Trendzon Holdings Group Limited (formerly known as Pipeline Engineering Holdings Limited) (the "**Company**") and its subsidiaries (collectively, the "**Group**"), it is my pleasure to present to the shareholders of the Company (the "**Shareholders**") the annual report of the Group for the year ended 31 March 2021 ("**FY2021**").

PERFORMANCE REVIEW

In FY2021, the Group recorded a total revenue of approximately S$43.5 million, representing an increase of approximately S$16.2 million from approximately S$27.3 million for the year ended 31 March 2020 ("**FY2020**"). The increase in revenue was mainly due to the increase in revenue from projects relating to the supply and lay of gas mains and renewal services of approximately S$10.0 million and the new revenue stream of trading of building materials business that contributed revenue of S$6.2 million for the Group. The overall gross profit increased by approximately S$5.6 million from approximately S$4.4 million in FY2020 to approximately S$10.0 million in FY2021. Such increase is mainly due to (i) better cost control, and (ii) the rebate of foreign worker's levy by the Singapore Government to defray the foreign worker's cost for FY2021.

LOOKING AHEAD

Looking forward, the Group will continue to focus on strengthening the market position in the pipeline construction industry in Singapore and to explore the industries with local potential business opportunities such as real estate, engineering infrastructure, culture, tourism, healthcare, hotel, finance, securities, tobacco and money lender in the People's Republic of China (the "**PRC**"), Hong Kong and other regions and countries in the Southeast Asia. The Group will implement the national Belt and Road strategy and promote the economic development of Southeast Asia based on the resource advantages of the Greater Bay Area.

The Board is proactively exploring new business opportunities for identifying markets with growth potential, so as to diversify the business development of the Group. The Board is of the opinion that the development of potential business represents a good opportunity for increasing the sources of revenue of the Group. The Group is well-positioned for the challenges and competition ahead, striving to deliver satisfactory return to Shareholders.

APPRECIATION

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, subcontractors, business partners, and Shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contribution to the development of the Group.

Feng Jiamin and Michael Shi Guan Wah
Joint Chairmen

Hong Kong, 29 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The infrastructural pipeline market in Singapore remained relatively stable in FY2021 with no material adverse change in the industry in which the Group operated in. Despite the disruption of normal operation in Singapore caused by the implementation of measures of "Circuit Breaker to Minimise Further Spread of COVID-19", the Group maintains a solid financial condition in FY2021.

BUSINESS REVIEW

The core business of the Group remains to be pipeline construction in Singapore in FY2021. The operation of the Group has further expanded to Hong Kong with the acquisition of a wholly owned subsidiary in October 2020. The entity in Hong Kong is engaged in local trading of building materials. Hence, starting from FY2021, the Group has 2 revenue streams – pipeline construction works for gas, water, and cable installation and trading of building materials. The customers of the Group consist of gas, water, telecommunications and power utility companies in the private sector, Singapore government agencies such as those governing water utility and catchment in the public sector, and construction companies in the private sector in Hong Kong.

For FY2021, the Group recorded a total revenue of approximately S$43.5 million, representing an increase of approximately S$16.2 million from approximately S$27.3 million for FY2020. The increase in revenue was mainly due to the increase in revenue from projects relating to the supply and lay of gas mains and renewal services of approximately S$10.0 million and the new revenue stream of trading of building materials business that contributed revenue of S$6.2 million for the Group. During FY2021, the Group has been awarded two new gas projects and two new water projects with an aggregate contract sum of approximately S$63.6 million, most of which commenced in FY2021.

Business strategies of the Group remained unchanged for FY2021. Since the listing of the Company, the management has continuously consolidated and strengthened the reputation of the Group through submission of tender invitation to keep its presence in the market. Leveraging its listing status, the Group's core business continued to earn good reputation and provided the Group with sound track record for potential business opportunities. Subsequent to FY2021, the Group has secured new projects, together with the ongoing projects in hand, its revenue could be sustained for the next financial year.

Looking forward, the Group will continue to focus on strengthening the market position in the pipeline construction industry in Singapore and to explore the industries with local potential business opportunities such as real estate, engineering infrastructure, culture, tourism, healthcare, hotel, finance, securities, tobacco and money lender in the PRC and other regions and countries in the Southeast Asia. The Group will implement the national Belt and Road strategy and promote the economic development of Southeast Asia based on the resource advantages of the Greater Bay Area.

The Board is proactively exploring new business opportunities for identifying markets with growth potential, so as to diversify the business development of the Group. The Board is of the opinion that the development of potential business represents a good opportunity for increasing the sources of revenue of the Group. The Group is well-positioned for the challenges and competition ahead, striving to deliver satisfactory return to shareholders of the Company.

ONGOING PROJECTS

As at 31 March 2021, the Group had four ongoing gas pipeline projects and seven water pipeline projects with an aggregated contract sum of approximately S$94.2 million, of which approximately S$37.4 million has been recognised as revenue as at 31 March 2021 (FY2020: six gas pipeline projects, seven water pipeline projects, one cable installation project with an aggregate contract sum of S$48.2 million). The remaining balance will be recognised as the Group's revenue in subsequent periods in accordance with IFRS 15.

The management considered that all ongoing projects were on schedule and none of which is expected to cause the Group to indemnify the third parties and incur any contingent liabilities as at 31 March 2021.

FINANCIAL REVIEW

Revenue

Revenue from contracts with customers

The following table sets out the breakdown of the Group's revenue from contracts with customers, the number of projects/contracts performed and the percentage contribution to total revenue for FY2021 and FY2020.

	For the year ended 31 March					
	2021			2020		
	Number of projects/ contracts performed	**Revenue *(S$'000)***	**% of revenue (%)**	Number of projects/ contracts performed	Revenue *(S$'000)*	% of revenue *(%)*
Gas pipeline	**9**	**35,424**	**81.5**	11	21,414	78.5
Water pipeline	**10**	**1,761**	**4.1**	12	5,729	21.0
Cable installation	**1**	**62**	**0.1**	3	141	0.5
	20	**37,247**	**85.7**	26	27,284	100.0
Trading of building materials		**6,203**	**14.3**		–	–
Total		**43,450**	**100.0**		27,284	100.0

Revenue of the Group has increased by approximately S$16.2 million from approximately S$27.3 million in FY2020 to approximately S$43.5 million in FY2021 due to the following:

(i) Increase in revenue from gas pipeline projects by approximately S$14.0 million;

(ii) Decrease in revenue from water pipeline projects by approximately S$4.0 million; and

(iii) New stream of revenue derived from trading of building materials of approximately S$6.2 million.

The increase in revenue from the gas pipeline projects by approximately S$14.0 million is due to the following:

(i) Increase in revenue from projects relating to the supply and lay of gas mains and renewal services by approximately S$14.4 million; and

(ii) Decrease in revenue from other contracts relating to a gas transmission pipeline, in-line inspection and conversion of gas pressure networks by approximately S$0.4 million.

The decrease in revenue from water pipeline projects by approximately S$4.0 million is due to the substantial completion of projects brought forward from previous years, where the revenue recognised amounted to approximately S$1.3 million (FY2020: approximately S$5.0 million), and partly offset by six new projects for FY2020 which generated approximately S$0.2 million.

During the year, the Group had commenced the trading of building materials business and generated revenue of approximately S$6.2 million (FY2020: Nil) which accounted for approximately 14.3% of the Group's revenue (FY2020: nil). The building materials for trading in FY2021 included marble and lightweight ceramsite.

The new revenue stream contributed by trading of building materials is carried out by a subsidiary of the Group located in Hong Kong.

Cost of Sales

Cost of sales of the Group increased by approximately S$10.6 million or 46.4% from approximately S$22.9 million in FY2020 to approximately S$33.5 million for FY2021. While approximately S$5.2 million of the increased cost of sales is driven by the costs incurred on certain projects towards the completion stage, which was in line with the revenue growth. The other approximately S$5.4 million of increase was attributable to the new business line of trading of building materials.

Gross Profits and Gross Profit Margins

The Group's total gross profits increased by approximately S$5.6 million from approximately S$4.4 million in FY2020 to approximately S$10.0 million in FY2021. Gross profit margin increased by approximately 6.8% from 16.2% in FY2020 to approximately 23.0% in FY2021. The increase in gross profit margin is mainly due to (i) better cost control; and (ii) rebate of foreign worker's levy by the Singapore Government to defray the foreign worker's cost for FY2021.

Other Income

Other income increased by approximately S$2.3 million from approximately S$0.7 million in FY2020 to approximately S$3.0 million in FY2021, which is mainly attributable to government grant pertaining to Job Support Scheme and Foreign Worker Levy rebates received during FY2021.

Other (Losses)/Gains, net

Change in other (losses)/gains is mainly attributable to loss on write off of plant and equipment of approximately S$0.5 million and loss on fair value adjustment on investment properties of approximately S$0.8 million.

Administrative Expenses

The Group recorded administrative expenses amounting to approximately S$7.2 million (FY2020: approximately S$3.9 million). The increase is mainly due to (i) the increase in employee benefit costs of approximately S$1.1 million; (ii) the increase in depreciation of property, plant and equipment of approximately S$1.3 million; and (iii) the increase in professional fee of approximately S$1.2 million.

Finance Costs

Finance costs of the Group has increased by approximately S$0.3 million from approximately S$63,000 in FY2020 to approximately S$371,000 in FY2021. The increment is mainly attributable to the increase in term loans interest and lease liabilities interest of approximately S$0.1 million and S$0.2 million respectively.

Income Tax Expense

The Group recorded an increase of approximately S$0.5 million in income tax expenses, from approximately S$0.3 million for FY2020 to approximately S$0.8 million for FY2021. Higher tax is recognised for FY2021 due to higher taxable profit.

Profit for the Year

Due to the above, profit for the year in FY2021 increased by approximately S$1.7 million from approximately S$1.6 million in FY2020 to approximately S$3.3 million in FY2021.

Property, Plant and Equipment

Property, plant and equipment increased by approximately S$13.5 million due to additions of approximately S$17.4 million, offset by depreciation of approximately S$3.3 million. The additions of property, plant and equipment include new property to be used as Group's new headquarters and new machineries used for the Group's subsidiary's operations.

Trade and Other Receivables

The Group's trade and other receivables increased by approximately S$16.6 million from approximately S$5.5 million as at 31 March 2020 to approximately S$22.1 million as at 31 March 2021. The increase is mainly driven by the trade receivables from the new trading of building materials business amounting to approximately S$3.7 million, deposits paid to suppliers amounting to approximately S$8.7 million, and deposit for the purchase of a subsidiary for approximately S$2.0 million. Subsequent to year end, the Group had utilised approximately S$1.2 million of deposits paid to suppliers.

Contract Assets/(Liabilities)

Contract asset decreased by approximately S$0.3 million from approximately S$13.9 million as at 31 March 2020 to approximately S$13.6 million as at 31 March 2021, mainly attributable to higher amount of work orders certified, thus contributing to high amount of billing raised.

No contract liabilities was recorded as at 31 March 2021 as compared to approximately S$0.4 million as at 31 March 2020, it is mainly attributable to the completion of certain projects which are in the stage of final claims.

Trade and Other Payables

Trade and other payables increased by approximately S$4.3 million from approximately S$4.0 million as at 31 March 2020 to approximately S$8.3 million as at 31 March 2021 which is mainly due to higher trade payable balances as at 31 March 2021 and the increase in accrual for employee benefit expenses of approximately S$1.7 million.

Borrowings

Borrowings increased by approximately S$18.4 million from approximately S$1.3 million as at 31 March 2020 to approximately S$19.7 million as at 31 March 2021. The increase is mainly attributable to (i) a new term loan arising from purchase of new property to be used as Group's new headquarters; (ii) a new temporary bridging loan which was introduced by the Singapore Government in the Solidarity Budget 2020; and (iii) a bond amounting to approximately S$6.8 million with a fixed interest rate of 6% has been issued during the year.

Hire Purchase Liabilities

Hire purchase liabilities increased by approximately S$0.5 million from approximately S$0.9 million as at 31 March 2020 to approximately S$1.4 million as at 31 March 2021 due to additions of machineries during the year of approximately S$1.6 million, and offset by repayments of approximately S$1.1 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its daily operations through a combination of internally-generated funds from operations, borrowings and net proceeds from the share offer in year 2019.

As at 31 March 2021, the Group maintained a healthy liquidity position with net current asset balance and net cash and bank deposits of approximately S$26.3 million (FY2020: approximately S$26.9 million) and approximately S$12.0 million (FY2020: approximately S$15.7 million) respectively. The Group's gearing ratio (calculating by total interest-bearing debt over total equity) as at 31 March 2021 was 57.0%, increase of 52.9% from 4.1% as at 31 March 2020. The increase in gearing ratio was mainly due to the additions of borrowings and lease liabilities during FY2021.

The total interest-bearing borrowings, including lease liabilities, borrowings and hire purchase liabilities, was approximately S$23.0 million (FY2020: approximately S$1.5 million). The current ratio, being the ratio of current assets to current liabilities was approximately 2.3 times (FY2020: approximately 5.3 times).

CAPITAL STRUCTURE

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to shareholders through the optimisation debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debts (including lease liabilities, hire purchase liabilities and borrowings, net of cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital, share premium, reserves and retained earnings).

The management reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed financial covenants requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had a total of 314 employees. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries, bonus and allowances.

USE OF LISTING PROCEEDS

The total net proceeds raised from the share offer in 2019 (the "**Listing**") received by the Company (the "**Net Proceeds**"), after deducting related listing expenses, were approximately HK$90.2 million (approximately S$15.7 million). Please refer to the Prospectus for more details.

Set out below are details of the allocation of the Net Proceeds, the utilised and unutilised amounts of Net Proceeds as at 31 March 2021:

Use of net proceeds	Planned use of net proceeds *S$'000*	Utilised in FY2021 *S$'000*	Utilised from Listing up to 31 March 2020 *S$'000*	Total remaining net proceeds available as at 31 March 2021 *S$'000*	Expected timeline for utilizing the remaining proceeds *(Note 1)*
(a) Relocate to a new property to be acquired to be used as our new office, foreign worker dormitory and warehouse for our machinery *(Note 2)*	9,368	7,938	1,430	–	N/A
(b) Purchase two pipe jacking machines *(Note 3)*	4,896	–	–	4,896	Before 31 December 2021
(c) Working capital	1,428	–	1,428	–	N/A
	15,692	7,938	2,858	4,896	

The Net Proceeds were used and expected to be used according to the intentions previously disclosed in the Company's prospectus date 14 March 2019 (the "**Prospectus**"). As at the date of this report, there were no changes of business plan from that disclosed in the Prospectus.

Note 1: The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group, it will be subjected to change based on current and future development of market conditions.

Note 2: As at 31 March 2021, the Group has completed the purchase of a new property. However, the Group has yet to relocate to the new property due to the current COVID-19 pandemic which had affected (i) the previous owner to be unable to immediately vacate the new property, which resulted in the Group granting an extension of the previous owner's tenancy at the new property until December 2020; and (ii) the difficulty to source for a contractor to carry out renovation works while complying with the measures implemented by the Singapore Government to curb the transmission of COVID-19. As of the date of this report, the Group has commenced the renovation and will relocate when it is ready for use. The Group has managed to obtain a short-term extension from the authorities on the current lease of its property at 36 Sungei Kadut Avenue Singapore 729661, until 31 July 2021 (previously the expiry of lease was on 31 October 2020). The Group has further applied for extension of lease until 31 December 2021.

Note 3: As at 31 March 2021, the Group has yet to acquire the pipe jacking machines as the Group has been tendering but not awarded with projects that require the use of certain models of pipe jacking machines as mentioned in the Prospectus. Furthermore, based on the current economic development, the available tenders, the ongoing and potential projects and the overall cost versus benefit, the proceeds in relation to purchase of two pipe jacking machines will be postponed and expected to be utilised before 31 December 2021. The Group will continue to actively participate in available tenders that require the use of the pipe jacking machines.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During FY2021, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

Foreign Exchange Exposure

The Group has operations in Singapore, Hong Kong, and the PRC. Foreign exchange risk arises when a group entity has transactions denominated in currencies other than its own functional currency.

During FY2021, the Group issued bonds denominated in Hong Kong dollar. Therefore, the Group is subject to the foreign exchange risks deriving from the movement in the exchange rate of Hong Kong dollar and Singapore dollars. The bonds will be due in early 2022 and the Group did not, and does not anticipate to, experience any significant difficulty or impact on its operation or liquidity due to the fluctuation in the exchange rate between Hong Kong dollar and Singapore dollars. Other than that, most of the transactions of the group entities are denominated in their own functional currencies and hence, the foreign exchange risk is minimal.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus, maintained a healthy liquidity position throughout FY2021. The finance department of the Group is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the management and the Board, and monitoring the investments on a continuous basis.

INVESTMENTS HELD

During FY2021, the Group held listed equity investments amounting to S$882,000 (FY2020: Nil).

CHARGES ON ASSETS

As at 31 March 2021, the carrying amount of plant and machinery and motor vehicles held under hire purchase loan was S$2,213,000 (FY2020: S$2,790,000). The carrying amount of properties pledged for bank borrowings was S$14,436,000 (FY2020: S$1,020,000).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 March 2021, the Group has acquired All Good Finance Limited, a company incorporated in Hong Kong and granted with a money lender's licence, from an independent third party. All Good Finance Limited will engage in money lending business in Hong Kong, which will further help expand the business operations of the Group in Hong Kong. The transfer of shares was completed in June 2021.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Michael Shi Guan Wah（徐源華先生）, aged 59, is a co-founder of the Group and has been a director of HSC Pipeline Engineering Pte. Ltd. since January 1993. He was appointed as a Director in July 2018 and was re-designated as the Chairman, chief executive officer and an executive Director in August 2018. On 30 October 2020, Mr. Michael Shi has been appointed as a Joint Chairman of the Board together with Ms. Feng Jiamin. He was further appointed as a member of the nomination committee of the Board on 26 February 2019. Mr. Michael Shi has been our Group's managing director since January 1993 and is responsible for leading the Group's business development and overseeing all aspects of the business, including corporate operations, project execution and financial performance.

Mr. Michael Shi has over 28 years of experience in the construction industry. He had attended secondary education in Singapore until October 1978, then he participated in his family business engaging in the building construction business, where he gained exposure to the construction industry. He also formed Jet Equipment, a partnership engaging in installation of industrial machinery and equipment and mechanical engineering works from July 1991 until August 1992.

Throughout the years, Mr. Michael Shi has attended a number of professional training courses to enhance his skills and knowledge in handling advanced machinery and systems and has obtained relevant licences and certificates. In December 1992, he completed the Gas Service Workers Course organised by the Public Utilities Board. He has become a licensed gas service worker since 1993 and was granted a lifetime Gas Service Worker Licence by the Energy Market Authority of Singapore in February 2015. In July 1995, he obtained the Skill Evaluation Certificate for attaining the required standard in the Practical Test in Construction Plant Operation (Excavator Loader) conducted by the Building and Construction Authority, and he then became a registered excavator operator recognised by SP PowerGrid Ltd in 1996. In October 1995, he completed the Underground Services Detection course organised by the Singapore Power Training Institute. He also completed the basic training for Durafuse PE electrofusion system for gas distribution organised by Glynwed Pipe Systems (Asia) Pte Ltd in June 1997 and July 1998, respectively. In July 2002, he completed the 'on-site' course of instruction on Hy-Ram Fully Automatic butt-fusion Equipment organised by CPP Global Products Pte Ltd. He also completed the training on the WIDOS 4800 CNC 3.0 Welding Machine organised by WIDOS Technology (Asia Pacific) Pte Ltd.

Mr. Michael Shi is the elder brother of Mr. Shi Guan Lee and the father of Mr. Shi Hong Sheng, both of whom are members of the senior management of the Group.

Ms. Feng Jiamin（馮嘉敏女士）, aged 36, was appointed as a non-executive Director on 27 September 2019 and was re-designated as an executive Director on 21 September 2020. On 30 October 2020, Ms. Feng has been appointed as a Joint Chairman of the Board together with Mr. Michael Shi. Ms. Feng is responsible for overseeing the Group's operations and implementation of the Company's business strategies. She graduated from the University of California, Irvine in 2010 with a Master's degree in Business Administration.

In 2008, she served as an assistant to the chief operating officer for China Region of Pacific Asia Media, participated in the coordination for the organization of Fortune Forum (財富論壇) in China (e.g. Tianjin, Guangzhou), and assisted in the coordination and administration for the first World Mind Sports Games. Ms. Feng later worked as a representative in China Region for Global Strategy Group (環球策略集團) and was engaged in the preparation of "Sino-Singapore Tianjin Eco-city" project. Ms. Feng was appointed as vice chairman of supply security and president of China Baosha Group* in 2013, responsible for offshore supply platform project development. Later she served as chief operating officer of China Baosha Group* and was involved in large-scale urban comprehensive development such as Jing Kai Meng Du* in Zhengzhou, the coordination of Zhangjiakou super-large photovoltaic power generation project, and the planning for and operation of industrial parks, ecological parks, forestry and other forms of business. Ms. Feng has extensive experience in public relations and investor relations. Ms. Feng has been an executive director of China Bozza Development Holdings Limited (formerly known as China Agroforestry Low-Carbon Holdings Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 1069), from 20 August 2019 to 2 November 2020.

Mr. Lok Ka Ho (駱嘉豪先生), aged 33, was appointed as an executive Director on 11 November 2020. He has over 11 years of experience in financing and investing. Mr. Lok started his career in The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") from September 2010 to March 2016 with his last position as a Premier Relationship Manager. He then worked at Wing Lung Bank (now known as CMB Wing Lung Bank Ltd.) as a Relationship Manager (China Team) from April 2016 to November 2016.

Mr. Lok has been a director of Lepus Professional Service Company Limited since December 2016. Mr. Lok obtained a degree of Bachelor of Arts (Honors) in Accountancy from The Hong Kong Polytechnic University in December 2010.

Independent Non-Executive Directors

Mr. Cher Choong Kiak (徐俊傑先生), aged 59, was appointed as an independent non-executive Director on 26 February 2019. He is currently the chairman of the remuneration committee and a member of the audit committee of the Board.

Mr. Cher has been working in the finance industry for over three decades. He started his career with Singapore's national savings bank, the Post Office Savings Bank in June 1983. He worked in client services and electronic banking department, security and investigations division and operations support functions, mainly responsible for handling ATM cash disputes and shortage claims, GIRO and interbank GIRO fund transfers and payments as well as staff and customer fraud investigations. Due to the merger of Post Office Savings Bank and DBS Bank, he then worked under DBS Bank as a bank executive until June 2011. During his time with DBS Bank, he performed similar roles as he did in Post Office Savings Bank; he also joined the anti-money laundering department and was responsible for monitoring suspicious transactions. He went on to join Standard Chartered Bank from June 2011 to April 2016 as an analyst in the transaction monitoring unit engaging in antimoney laundering compliance. He was a certified member of the Association of Certified Anti-Money Laundering Specialists until May 2018.

* *For identification purpose only*

He has joined Bank of Singapore since April 2016. He is presently a compliance officer (senior associate) of the client monitoring department and is mainly responsible for transaction monitoring and compliance related advisory. Mr. Cher has been elected to the board of directors of TCC Credit Co-operative Limited, a credit cooperative registered under the Registrar of Cooperatives in Singapore, since 1998. He is a member of TCC Credit Co-operative Limited's audit committee since 2012 as well as sitting on the board of its subsidiary since 2015.

In March 1993, Mr. Cher has obtained a diploma in Business Efficiency & Productivity (Business Administration) from National Productivity Board Singapore. He also has an Advanced Diploma in Business Management from Management Development Institute of Singapore in collaboration with University of Bradford in 1994. In July 1999, he further obtained the Diploma in Industrial Relations from Singapore Institute of Labour Studies.

Mr. Cher joined the Singapore Community Emergency & Engagement Committee at Tanjong Pagar-Tiong Bahru division since April 1993, and was nominated as the Chairman since April 2014. For his continual services and contributions to the community, Mr. Cher was awarded the Public Service Medal by the President of the Republic of Singapore in August 2019.

Mr. Chiam Soon Chian (Zhan Shunquan)（**詹舜全先生**）, aged 41, was appointed as an independent non-executive Director on 26 February 2019. He is currently the chairman of the audit committee and a member of the nomination committee and remuneration committee of the Board.

Mr. Chiam has over 16 years of experience in the banking and consulting industry. He started his career as an auditor with Ernst & Young LLP (Singapore) in July 2004 until December 2005, where his duties included the performance of audit fieldwork and the preparation of general audit working papers. He was then a senior consultant of Protiviti Pte Ltd, a company principally engaged in management consultancy activities, between December 2005 and February 2007, where he assisted clients to improve risk management by evaluating business process risks, providing consultancy and internal control services. He was a manager of KPMG Huazhen between February 2007 and October 2011, where he had advised on the design of risk and compliance framework. He worked at Bank of America N.A., Shanghai Branch between October 2011 and January 2014 where his last position held was assistant vice president in Global Technology and Operations; he was in charge of the business continuity management programme and handled queries from auditors and regulators. He worked at Deutsche Bank between February 2014 and April 2016; he started in Deutsche Bank (China) Co., Ltd. Shanghai Branch as the vice president of the head of regulatory reporting (finance) and was later transferred to Deutsche Bank AG, Hong Kong Branch. He was mainly responsible for managing finance and operational projects.

Mr. Chiam is currently the chief operating officer of Lumens Auto Pte Ltd, a company based in Singapore principally engaged in the provision of car leasing services, and has been working there since November 2017. His major duties include planning for corporate growth, budgeting and resources allocation. In addition, he also assists on financial projections and analyses of existing programmes and policies.

Mr. Chiam obtained a degree of Bachelor of Accountancy from the Nanyang Technological University in Singapore in June 2004. He has been a chartered accountant of Singapore at the Institute of Singapore Chartered Accountants since July 2013 and a project management professional at Project Management Institute since October 2017.

Mr. Choo Chih Chien Benjamin (朱志乾先生), aged 44, was appointed as an independent non-executive Director on 26 February 2019. He is currently the chairman of the nomination committee and a member of the audit committee of the Board.

Mr. Choo has over 18 years of experience in legal practice, where he specialises in matters relating to mergers & acquisitions, joint ventures, corporate finance, competition-law related matters and advising on securities regulations. Mr. Choo practiced as an advocate and solicitor with TSMP Law Corporation between May 2005 and April 2012, where he last held the position as a director and was responsible for representing clients on a wide spectrum of transactions such as mergers and acquisitions (including public takeovers), equity capital market deals and general corporate transactions. Mr. Choo was a director at Edmond Pereira Law Corporation between April 2012 and February 2018, and he was in charge of the firm's corporate and transactional practice. Mr. Choo was a member of the Complaints and Disciplinary Panel constituted under the Singapore Accountants Act from June 2010 to May 2012. He has been a referee of the Small Claims Tribunal at the Subordinate Courts of Singapore since August 2010. He has also been a member of the Inquiry Panel constituted under the Singapore Legal Profession Act since August 2013.

Mr. Choo is currently a director of Genesis Law Corporation, a position he has held since March 2018. He is also an independent director of MeGroup Limited since September 2018, a company whose shares are listed on the Catalist Board of the Singapore Stock Exchange (stock code: SGX:SJY).

Mr. Choo obtained a degree of Bachelor of Laws from the National University of Singapore in July 2001 and he has been admitted as an advocate and solicitor of the Supreme Court of Singapore since May 2002. He was also listed in Chambers Asia Pacific 2011 as a leading individual (Investment Funds: Domestic Firms).

Mr. Choo served as an independent director of AGV Group Limited between April 2016 and June 2018, a company principally engaged in galvanizing services, whose shares are listed on the Catalist Board of the Singapore Stock Exchange (stock code: 1A4).

Mr. Tong Wong Chi (唐永智先生), aged 39, was appointed as an independent non-executive Director on 21 September 2020. He is currently a member of audit committee of the Board. He has over 16 years of experience in auditing, accounting and financial reporting. Mr. Tong started his career in Deloitte Touché Tohmatsu from September 2004 to February 2010 with his last position as an audit senior. He then worked in DTZ Debenham Tie Leung as a senior accountant from March 2010 to October 2011. Mr. Tong returned to Deloitte Touché Tohmatsu in October 2011 as an audit manager and his last held position was a manager of CXO advisory service when he left the company in February 2014.

From April 2014 to April 2016, Mr. Tong worked in Suncity Group as an assistant director (finance). He then worked in China Cinda (HK) Holdings Company Limited, a wholly owned subsidiary of China Cinda Asset Management Co., Ltd. which is a company listed on the Main Board of the Stock Exchange (Stock Code: 1359), as a deputy senior manager of the accounting and finance department. From October 2016 to March 2017, Mr. Tong worked in Huarong Investment Stock Corporation Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2277), as a senior finance manager at the finance department. He then worked in Suncity Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1383) from March 2017 to June 2018 as a financial controller and company secretary.

Mr. Tong has been a managing partner of Edward and Stan Global Advisory Limited since November 2019 and a managing director of Victory Success Consulting Limited since July 2018. Mr. Tong obtained a degree of Bachelor of Arts (Honors) in Accountancy from The Hong Kong Polytechnic University in November 2004. He has been a member of the Hong Kong Institute of Certified Public Accountants since September 2008.

Mr. Shek Jun Chong（石峻松先生）, aged 48, was appointed as an independent non-executive Director, and a member of the audit committee, the nomination committee and the remuneration committee of the Board on 11 November 2020. He has over 18 years of experience in general business management. Mr. Shek worked in Guangzhou Fourth Construction Engineering Company*（廣州市第四建築工程公司）and was sent to Hong Kong in 1993 to participate in the real estate development of Mainland China, including major projects such as Gold Arch Residence, a premium residential development on Ersha Island, Guangzhou. During that period, he also participated in the preliminary land consolidation and primary development as well as investment attraction of Guangzhou Bio-island, a national-level key construction project in China. In 1995, he worked for Tuoyi Company*（拓益公司）, a company directly affiliated to the municipal authorities of Guangzhou, where he served as a delegated representative in the Hong Kong and Macau districts and was responsible for the coordination and liaison between large central enterprises and state-owned enterprises and the Hong Kong and Macau counterparts. Mr. Shek was later appointed into the Yuexiu District Committee of the Chinese People's Political Consultative Conference in February 2013 and became a member of the committee's Hong Kong and Macau Section. Since 1998, he acts as the deputy managing director of Zhongqiu Advertising Co., Ltd.*（中球廣告有限公司）, which mainly operates the advertising resources for the road signs along the Guangzhou-Shenzhen Highway, Shenzhen-Shantou Highway and other intra-provincial highways. Mr. Shek also founded Shenzhen Maidite Medical Technology Co., Ltd.*（邁地特醫療科技有限公司）in 2015, which is mainly engaged in the research and development and production of medical devices for intrapleural and intraperitoneal hyperthermic cancer treatment.

Mr. Shek has invested in various companies in partnership and is responsible for the planning and operation of business development. He has been involved in various fields, including research and development of medical devices, commercial properties and catering and entertainment. He has also held positions for the community, serving as an appointed member (Hong Kong and Macau) of the 14th and 15th session of Yuexiu District of Guangzhou Committee of the Chinese People's Political Consultative Conference.

* *For identification purpose only*

Mr. Qiu Yue（**邱越先生**）, aged 52, was appointed as an independent non-executive Director, and a member of the audit committee, the nomination committee and the remuneration committee of the Board on 11 November 2020. He has over 19 years of experience in general business management. Mr. Qiu obtained his bachelor's degree in Chinese Language from Sun Yat-sen University in Guangzhou in 1991. He worked as a sports journalist for the Guangzhou Daily Newspaper and the Football Newspaper, and established Guangzhou Wavecom Advertising and Communication Limited ("**Guangzhou Wavecom**") (formerly known as Guangzhou Television Promotion Company*（廣州電視推廣公司）) in August 1992 to engage in media advertising related business. Following the acquisition of Guangzhou Wavecom in 2008 by Asian Capital Resources (Holdings) Limited ("**ACR**") (Stock Code: 8025), a company whose shares are listed on GEM of the Stock Exchange, he was an executive director of ACR from October 2008 to June 2019 and was mainly responsible for external investments, mergers and acquisitions and restructuring in a wide range of industries including engineering, real estate, the Internet, etc. Mr. Qiu also established Guangzhou Zhongmao Advertising Co., Ltd*（廣州中懋廣告有限公司）("**Zhongmao Advertising**") in 2008, which is mainly engaged in the business of national radio advertising and audio content management. In 2014, after Zhongmao Advertising was merged with Guangdong Advertising Group Co., Ltd. ("**Advertising Group**") (Stock Code: 002400), a company whose shares are listed on the Shenzhen Stock Exchange, and became its subsidiary, Mr. Qiu worked as the general manager until January 2018. Since 2017, he has been the vice president of risk control of Eternity Fuel Gas (Group) Limited and is currently a director of Guangdong Green Assets Operation Management Co., Ltd*（廣東省綠色資產運營管理有限公司）.

Senior Management

Mr. Shi Guan Lee（**徐源利先生**）, aged 56, is a co-founder of the Group and has been a director of HSC Pipeline Engineering since January 1993. He was appointed as a Director in July 2018, re-designated as an executive Director in August 2018 and subsequently resigned as an executive Director in September 2020. Mr. Shi Guan Lee has been the Group's operations director since January 1993 and is responsible for overseeing the Singapore subsidiary's operating performance and monitoring project planning and execution.

Mr. Shi Guan Lee has over 28 years of experience in the construction industry. He had attended secondary education in Singapore until October 1979, then he participated in his family business engaging in building construction business and in March 1990, he formed ABBA Electrical & Plumbing Works which was engaged in electric works, plumbing, non-electric heating and air conditioning.

He has attended a number of professional training courses to sharpen his skills and knowledge in operations. In October 1995, he completed the Underground Services Detection Course organised by the Singapore Power Training Institute. Besides, he completed the basic training for Durafuse PE electrofusion system for gas distribution organised by Glynwed Pipe Systems (Asia) Pte Ltd in March 1998, the Building Construction Safety Supervisors Course organised by the Occupational Safety and Health (Training & Promotion) Centre in September 2001, the 'on-site' course of instruction on Hy-Ram Fully Automatic butt-fusion Equipment organised by CPP Global Products Pte Ltd in July 2002, training for epros DrainLiner – Renovation System in accordance with DIBT (German Institute For Construction Engineering) organised by Pipe Seals Gateshead Ltd (Certified Consultant for Rehabilitation of Sewer System) in February 2010 and training on the WIDOS 4800 CNC 3.0 Welding Machine organised by WIDOS Technology (Asia Pacific) Pte Ltd. In November 2015, he was granted the Certificate of Competency in Hydraulic Excavator Operation by the Building and Construction Authority. Currently, he has also been a registered excavator operator recognised by SP PowerGrid Ltd since 1996.

* *For identification purpose only*

Mr. Shi Guan Lee is the younger brother of Mr. Michael Shi Guan Wah, the Joint Chairman of the Board, executive Director and a controlling Shareholder, and the uncle of Mr. Shi Hong Sheng, a member of the senior management of the Group.

Mr. Shi Hong Sheng (Xu Hongsheng) (徐鴻勝先生), aged 34, was appointed as a Director in July 2018, re-designated as an executive Director in August 2018 and appointed as a member of the remuneration committee on 26 February 2019. In November 2020, he resigned as an executive Director and a member of the remuneration committee. He has been a director of HSC Pipeline Engineering since April 2018. Mr. Shi Hong Sheng is responsible for overseeing the Singapore subsidiary's operations and maintaining relationships with customers and suppliers.

Mr. Shi Hong Sheng has over 10 years of experience in the construction industry. Mr. Shi Hong Sheng obtained a degree of Bachelor of Engineering (Mechanical Engineering (Honours)) from the National University of Singapore in June 2011 and a Specialist Diploma in Construction Productivity at the Building and Construction Authority in November 2016. Mr. Shi Hong Sheng joined the Group as a project manager in April 2011. Between December 2017 and March 2018, he was also a director of Skye Marine Pte. Ltd., which was engaged in engineering design and consultancy activities.

Mr. Shi Hong Sheng also attended a number of professional training courses. He attended the Building Construction Supervisors Safety Course organised by Absolute Kinetics Consultancy Pte Ltd in April 2011, the Confined Space Safety Assessor Course organised by Association of Process Industry in June 2011, the Work-at-Height Course for Supervisors organised by QMT Industrial & Safety Pte Ltd in April 2013, Construction Safety Course for Project Managers organised by Avanta Global Pte Ltd in October 2014, the course in relation to detect and locate underground power cables organised by SP Training and Consultancy Company Pte. Ltd. in December 2011, the course in relation to Earth Control Measures (ECM) For Construction Site Personnel organised by The Institute of Engineers, Singapore in February 2016 and the course in relation to Pavement Construction & Maintenance organised by the Building and Construction Authority in July 2014. Mr. Shi Hong Sheng has also obtained a Certificate in Workplace Safety and Health and an Advanced Certificate in Workplace Safety and Health granted by Singapore Workforce Development Agency in November 2012 and October 2013, respectively. Furthermore, he is a registered Earthworks Supervisor recognised by Singapore Institute of Power & Gas.

Mr. Shi Hong Sheng is the son of Mr. Michael Shi Guan Wah, the Joint Chairman of the Board, executive Director and a controlling Shareholder, and the nephew of Mr. Shi Guan Lee, a member of the senior management of the Group.

Mr. Kong Mun Kai (孔文佳先生), aged 38, is the senior project manager of HSC Pipeline Engineering. Mr. Kong joined HSC Pipeline Engineering in December 2005 as the project manager and was promoted to senior project manager in July 2018. Mr. Kong is responsible for project management, planning and coordination of HSC Pipeline Engineering.

Mr. Kong has over 15 years of experience in the construction industry. He obtained a degree of Bachelor of Engineering (Honours) with a major in civil engineering from the University of Southern Queensland Australia in March 2006.

Ms. Angeline Lim Lay Cheng (Lin Liqing) (林丽清女士), aged 42, is the project manager of HSC Pipeline Engineering. Ms. Angeline joined HSC Pipeline Engineering in September 2001 as the assistant project engineer and was promoted to project manager in July 2015. Ms. Angeline is responsible for project management, planning and coordination of HSC Pipeline Engineering.

Ms. Angeline has over 20 years of experience in the construction industry. She obtained a diploma of Mechatronics from the Nanyang Polytechnic in July 2001.

Mr. Lam Wei Shan (林伟山先生), aged 30, is the finance manager of HSC Pipeline Engineering. Mr. Lam joined HSC Pipeline Engineering in June 2018 as the finance manager. Mr. Lam is responsible for the accounting operations and reporting, taxation, financial planning and internal control of HSC Pipeline Engineering.

Mr. Lam has over 8 years of experience in accounting and auditing. He obtained the professional qualification from and has been a member of Association of Chartered Certified Accountants, United Kingdom and the Institute of Singapore Chartered Accountants (CA), Singapore since September 2016 and March 2019.

DIRECTORS' REPORT

The Board is pleased to present this report together with the audited consolidated financial statements of the Group (the "**Consolidated Financial Statements**") for FY2021.

The Company was incorporated in the Cayman Islands with limited liability on 17 July 2018 and its shares were listed on the Main Board of the Stock Exchange on 27 March 2019.

PRINCIPAL PLACE OF BUSINESS

The head office and principal place of business of the Company in Singapore is located at 36 Sungei Kadut Avenue, Singapore 729661.The principal place of business in Hong Kong is 23/F., Central 88, No. 88-89 Des Voeux Road Central, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in (i) the provision of infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services; and (ii) trading of building materials. The revenue was principally derived from pipeline construction works for gas, water and cable installation and trading of building materials. Details of the principal activities of the principal subsidiaries of the Company are set out in Note 15 to the Consolidated Financial Statements.

CHANGE OF COMPANY NAME

The name of the Company was changed from "Pipeline Engineering Holdings Limited" to "Trendzon Holdings Group Limited" and the dual foreign name in Chinese of the Company has been changed from "管道工程控股有限公司" to "卓航控股集團有限公司". The proposed change of company name was passed by the shareholders of the Company at the extraordinary general meeting held on 5 May 2021. The Certificate of Incorporation on Change of Name was issued by the Registry of Companies in Cayman Islands on 6 May 2021. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 26 May 2021 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

RESULT/BUSINESS REVIEW

The result of the Group for FY2021 and financial position of the Group as at 31 March 2021 are set out in the section headed "Consolidated Statement of Profit or Loss", "Consolidate Statement of Comprehensive Income" and "Consolidated Statement of Financial Position" on page 88, 89 and 90 to 91 respectively in this annual report.

A review of the Group's business for FY2021, which includes a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators of the Group's business, particulars of important events affecting the Group, an indication of likely future developments in the Group's business, and discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in the sections headed "Statement of Joint Chairmen", "Management Discussion and Analysis", "Corporate Governance Report" and "Environmental, Social and Governance Report" of this annual report. The review forms part of this directors' report.

COMPLIANCE WITH LAWS AND REGULATIONS

Sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations.

The Group is principally engaged in the provision of construction services in Singapore and is thus subject to the rules and regulations implemented by the Energy Market Authority of Singapore and the Public Utilities Board, which regulate activities of contractors. The Company confirmed that save as disclosed below, the Group had obtained all the registrations and certifications required for its business and operations in Singapore, and had complied with the applicable laws and regulations in Singapore in all material respects during FY2021.

RELATIONSHIP WITH KEY PARTIES

The success of the Group also depends on the support from key parties which comprise customers, suppliers and employees.

Customers

The Group's customers include (i) Singapore Government agencies; (ii) private companies in Singapore; and (iii) private companies in Hong Kong. Open tenders put up by Singapore Government agencies are posted on GeBIZ while tenders for private organisations are mainly by invitation.

During FY2021, revenue derived from the Group's top five customers accounted for approximately 97.2% (FY2020: 96.3%) of the total revenue.

Suppliers and subcontractors

The Group maintains good working relationships with its subcontractors and suppliers and do not foresee any material difficulties in sourcing for services and materials in the future. Its project team will hold regular meetings with its suppliers and subcontractors to discuss progress, quality and issues (if any) encountered or anticipated in a project.

Employees

The Group regards its employees as one of its most important and valuable assets. The Group strives to reward and recognise employees who demonstrate outstanding performance by providing a competitive remuneration package, appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

The Group also places great importance in establishing a safe and healthy work environment for its employees. To ensure the quality of its services, the Group has established a set of Quality, Safety, Health and Environmental ("**QSHE**") policies and have committed to high safety standard and environmental impact control. The Group has been continuously accredited with safety certifications such as ISO 9001:2015, ISO 14001:2015, OHSAS 45001:2018 and bizSAFE STAR certifications for its building and construction services, a testament to the systems and procedures that the Group has in place to deliver high quality services and that conform to Singapore's EHS regulations.

PRINCIPAL RISKS AND UNCERTAINTIES

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarised below:

1. Customer concentration risk

As at 31 March 2021, the Group's top five customers accounted for 97.2% of its total revenue (FY2020: 96.3%) and any significant decrease in projects secured from any one of them or any change in their creditworthiness may affect its business, operations and financial results. The Group has not entered into any long-term agreements with its top five customers. There is no assurance that these top five customers will continue to use its services at fees acceptable to the Group. If any of the Group's top five customers were to terminate their business relationship with it entirely, there can be no assurance that the Group would be engaged by other customers to replace any such loss. In addition, if any of the Group's customers fail to settle its invoice in accordance with the agreed credit terms, the Group's working capital position may be adversely affected. Bad debt provisions or write-offs may also be required for receivables, which will have an adverse effect on its profitability. If there is a change in its customers' creditworthiness, its results of operations would be materially and adversely affected.

2. Non-recurring nature of projects

The Group contracts are awarded on a project basis and its revenue is not recurring in nature. The Group cannot guarantee that the Group will continue to secure new projects from its customers after the completion of the existing projects. Any failure to do so could materially and adversely affect its financial performance.

3. Difficulties in recruiting and retaining skilled staff and/or foreign workers

There is high labour demand within the infrastructural pipeline and building and construction industry in Singapore and it is increasingly hard to employ skilled and licensed foreign workers due to the tightened policies on the employment of foreign workers and the labour shortage in Singapore. Any changes in the policies of the foreign workers' countries of origin may also affect the supply of foreign workers and cause disruptions to its operations, resulting in a delay for the completion of its projects.

In addition, the Group may also face difficulties in retaining skilled staff and/or foreign workers due to unforeseen fluctuations in labour costs. The Group may need to take into consideration such salary trends when recruiting or retaining skilled local talents and/or foreign workers as the Group would want to offer more competitive remuneration packages in order to attract higher skilled labour which may result in increased operating expenses thereby affecting its financial performance.

SHARE CAPITAL

As at 31 March 2021, 920,000,000 shares of the Company were in issue. Details of the movement in share capital during FY2021 are set out in Note 26 to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during FY2021 are set out in the Consolidated Statement of Changes in Equity on page 92 and Note 34 to the Consolidated Financial Statements respectively.

As at 31 March 2021, distributable reserve available for distribution to the owners of the Company is approximately S$31.4 million, which represents the aggregate of share premium and capital reserves of approximately S$36.0 million, net of accumulated losses of approximately S$4.6 million (FY2020: S$32.1 million).

DIVIDEND

The Board resolved not to recommend the payment of a final dividend for FY2021 (FY2020: Nil).

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

During FY2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during FY2021 are set out in Note 16 to the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company (as defined below), no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during FY2021 or subsisted at the end of FY2021.

TAX RELIEF AND EXEMPTION

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

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 37 to 51 in this report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 17 September 2021 and the notice convening such meeting will be published and despatched to the Shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 September 2021 to 17 September 2021 (both days inclusive), during which period no transfers of shares of the Company will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, (1) Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (on or before 4 August 2021) or (2) Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong (on or after 5 August 2021) for registration not later than 4:30 p.m. on Monday, 13 September 2021.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

The percentages of purchases and sales for FY2021 attributable to the Group's major suppliers, subcontractors and customers are as follows:

Purchases

– the largest supplier	8.9%
– five largest suppliers in aggregate	28.9%

Subcontracting cost

– the largest subcontractor	4.7%
– five largest subcontractors in aggregate	9.7%

Revenue

– the largest customer	72.3%
– five largest customers in aggregate	97.2%

During FY2021, none of the Directors, their respective close associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest customers or suppliers or subcontractors.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company who held office during FY2021 were:

Executive Directors

Mr. Michael Shi Guan Wah (Joint Chairman and Chief Executive Officer)
(appointed as Joint Chairman on 30 October 2020)
Ms. Feng Jiamin (Joint Chairman)
(re-designated as executive Director on 21 September 2020 and
appointed as Joint Chairman on 30 October 2020)
Mr. Lok Ka Ho (appointed on 11 November 2020)
Mr. Shi Guan Lee (Resigned on 21 September 2020)
Mr. Shi Hong Sheng (Xu Hongsheng) (Resigned on 11 November 2020)

Independent non-executive Directors

Mr. Cher Choong Kiak
Mr. Chiam Soon Chian (Zhan Shunquan)
Mr. Choo Chih Chien Benjamin
Mr. Tong Wing Chi (appointed on 21 September 2020)
Mr. Shek Jun Chong (appointed on 11 November 2020)
Mr. Qiu Yue (appointed on 11 November 2020)

Each of the executive Directors entered into a service contract with the Company for a term of three years commencing on the respective date of their appointment. Each of their appointment can be terminated by not less than three months' notice in writing served by either party on the other. Mr. Michael Shi Guan Wah, entered into a service contract with the Company commencing on 26 February 2019. Ms. Feng Jiamin is re-designated from non-executive Director to executive Director and entered into a service contract with the Company commencing on 21 September 2020. Mr. Lok Ka Ho, has appointed as executive Director on 11 November 2020 and entered into a service contract with the Company commencing on 11 November 2020.

Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan) and Mr. Choo Chih Chien Benjamin, each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing on 27 March 2019, which may be terminated by not less than three months' notice in writing by either party on the other.

Mr. Tong Wing Chi, has appointed as independent non-executive Director on 21 September 2020 and entered into a letter of appointment with the Company for a term of one year commencing on 21 September 2020, which may be terminated by not less than one month notice in writing by either party on the other.

Mr. Shek Jun Chong and Mr. Qiu Yue, have been appointed as independent non-executive Directors on 11 November 2020, Each of Mr. Shek and Mr. Qiu has entered into a letter of appointment with the Company for a term of one year commencing on 11 November 2020, which may be terminated by not less than one month' notice in writing by either party on the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the terms of the service contract/letter of appointment.

Article 83(3) of Company's Articles of Association provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Article 84 of Company's Articles of Association provides that one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM, provided that every Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer themselves for re-election.

In accordance with article 83(3) of the Articles of Association, Mr. Lok Ka Ho, Mr. Tong Wing Chi, Mr. Shek Jun Chong and Mr. Qiu Yue shall retire from office as Directors and being eligible, have offered themselves for re-election as Directors at the forthcoming AGM.

In accordance with article 84 of the Articles of Association, Mr. Michael Shi Guan Wah and Mr. Cher Choong Kiak shall retire from office as Directors and being eligible, have offered themselves for re-election as Directors at the forthcoming AGM.

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract/letter of appointment which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION ON INDEPENDENCE

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Accordingly, the Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors and Senior Management" on pages 14 to 21 of this annual report.

EMOLUMENT POLICY

As at the date of this report, the Group had a total of 314 employees (FY2020: 282 employees). The Group's emolument policy is in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries, bonus and allowances.

The emolument policy for the general staff of the group is set up by the management of the group on the basis of their merits, qualifications and competence.

A remuneration committee was set up by the Board to develop the Group's emolument policy and structure for remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

DIRECTORS' EMOLUMENTS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

The Directors' emoluments are subject to the Shareholders' approval at annual general meeting of the Company. Other emoluments are determined by the Board with reference to the recommendations by remuneration committee of the Company, directors' duties, responsibilities and performance and the results of the Group.

Details of the Directors' emoluments and five highest paid individuals are set out in Note 10 to the Consolidated Financial Statements of this annual report.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's Articles of Association, every Director or other officers of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses as a result of any act or failure to act in carrying out his/her functions.

Such permitted indemnity provision (with the meaning in Section 469 of the Companies Ordinance) is currently in force and was in force during FY2021. In addition, the Company has taken out and maintained Directors' and officers' liability insurance during FY2021, which provides appropriate cover for the directors and officers of the Group.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save for the service contract/letter of appointment with the Directors, no other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of FY2021 or at any time during FY2021.

NON-COMPETITION UNDERTAKING

Mr. Michael Shi Guan Wah and Astute Prosper Limited (the "**Covenantors**", each a "**Covenantor**") have entered into the deed of non-competition (the "**Deed of Non-competition**") dated 26 February 2019 in favour of the Company, under which each of them has irrevocably and unconditionally, jointly and severally, warranted and undertaken to the Company that they will not, and will procure any Covenantor and his/its close associates (each a "**Controlled Person**" and collectively, the "**Controlled Persons**") and any company directly or indirectly controlled by the Covenantor (which for the purpose of the Deed of Non-competition, shall not include any member of the Group) (the "**Controlled Company**") not to, except through any member of the Group, directly or indirectly (whether on its own account or with each other or in conjunction with or on behalf of any person or company, or as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or acquire or hold any rights or be interested or otherwise involved in (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward or otherwise) any business that is similar to or in competition with or is likely to be in competition directly or indirectly with any business carried on by any member of the Group from time to time or in which any member of the Group is engaged or has invested or is otherwise involved in any territory that the Group carries on the business from time to time.

Each of Mr. Michael Shi Guan Wah and Astute Prosper Limited has confirmed to the Company that he/it has complied with the non-competition undertakings under the Deed of Non-Competition during the year ended 31 March 2021. Each of them has also confirmed in the said annual confirmation that none of them had any interest in a business, other than business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group during the year ended 31 March 2021.

The independent non-executive Directors have reviewed the status of compliance and confirmed that they were not aware of any non-compliance of the non-competition undertakings under the Deed of Non-Competition by each of Mr. Michael Shi Guan Wah and Astute Prosper Limited, and concurred that such undertakings had been duly enforced and complied with by each of Mr. Michael Shi Guan Wah and Astute Prosper Limited during the year ended 31 March 2021.

Save as disclosed above, up to the date of this annual report, none of the directors, the substantial shareholders or the management shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") has been conditionally adopted on 26 February 2019.

Purpose	To give the Eligible Persons (as defined below) an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.
Eligible persons	The Board may, at its absolute discretion, offer options ("**Options**") to subscribe for such number of shares in accordance with the terms set out in the Share Option Scheme to: (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("**Executive**"), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (f) above (the person referred above are the "**Eligible Persons**").

Maximum number of shares available for issue	(a) The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares in issue as at the date of this report (such 10% limit representing 92,000,000 shares). (b) The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Group shall not exceed 30% of the Company's shares in issue from time to time.
Maximum entitlement of each Eligible Person	No Option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of the Company's issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in the shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant shall be separately approved by the shareholders of the Company in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting.
Period within which the securities must be exercised under an Option	An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the Option period in the manner as set out in this Share Option Scheme by the grantee (or his or her legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised.
Performance target or minimum period for which an Option must be held before it can be exercised	There is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

Period for and consideration payable on acceptance of an Option	An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 21 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 per Option by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 21 days after the offer date (the "**Acceptance Date**"). Such remittance shall in no circumstances be refundable. Any offer of the grant of an Option may be accepted in respect of less than the number of shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.
Basis of determining the exercise price	The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a share; (b) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (c) the average closing price of a share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.
Remaining life	The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption of the Share Option Scheme.

As at 31 March 2021, there were no options granted.

Rights to Acquire Shares or Debentures

Apart from the aforesaid Share Option Schemes, at no time during FY2021 was the Company or any associated corporation a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, or had exercise any such rights in the Company or any other body corporate.

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

As at 31 March 2021, the interests or short positions of Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listings of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

(i) Long Position in the Ordinary Shares and underlying Shares of the Company

Interests in the Company

	Interests in Ordinary shares						
Name of director	Personal interests	interests Family	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued voting shares
Mr. Michael Shi Guan Wah *(Note 1)*	–	–	276,000,000	276,000,000	–	276,000,000	30%

Note 1: The entire issued share capital of Astute Prosper Limited ("**Astute Prosper**") was legally, beneficially and wholly owned by Mr. Michael Shi Guan Wah ("**Mr. Michael Shi**"). Accordingly, Mr. Michael Shi was deemed to be interested in 276,000,000 shares of the Company held by Astute Prosper by virtue of the SFO. Mr. Michael Shi is an executive Director of the Company.

(ii) Interest in Associated Corporation

Name of director	Name of associated corporation	Capacity/Nature	No. of shares held	% of the issued voting shares of associated corporation
Mr. Michael Shi	Astute Prosper	Beneficial interest in controlled corporation	1	100

Save as disclosed above, as at 31 March 2021, none of the Directors and chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2021, the following persons/entities (not being Directors or chief executive of the Company) have an interest or a short position in the shares or the underlying shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

Long Position in the Ordinary Shares and underlying Shares of the Company

Name of Substantial Shareholders	Capacity/Nature	No. of Shares held	% of the Company's issued voting shares
Astute Prosper	Beneficial owner	276,000,000	30%
Ms. Oh Lay Guat	Interest of spouse	276,000,000	30%

Ms. Oh Lay Guat is the spouse of Mr. Michael Shi. Therefore, Ms. Oh Lay Guat was deemed to be interested in all the shares of the Company held by Mr. Michael Shi pursuant to the SFO.

Save as disclosed above, as at 31 March 2021, the Company was not aware of any persons (not being Directors or chief executives of the Company) who had interest or short position in the Shares or underlying Shares which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 32 to the Consolidated Financial Statements. Those related party transactions did not constitute "continuing connected transactions" under Chapter 14A of the Listing Rules.

RETIREMENT BENEFITS SCHEME

The Group participates in the Central Provident Fund scheme ("**CPF scheme**"), which is a defined contribution pension scheme in Singapore.

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

CPF contributions are required for both ordinary wages and additional wages (subject to an ordinary wage ceiling and a yearly additional wage ceiling) of employees at the applicable prescribed rates which are dependent on, among others, the amount of monthly wages and the age of the employee. An employer must pay both the employer's and employee's share of the monthly CPF contribution. However, an employer can recover the employee's share of CPF contributions from their wages when the contributions are paid for that month. The CPF scheme is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement.

The Group also operates a Mandatory Provident Fund ("**MPF scheme**") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of the relevant payroll costs capped at HK$1,500 per month to MPF scheme, in which the contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the government of PRC. The subsidiaries in the PRC are required to contribute a certain percentage of the payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The total cost charged to profit or loss, amounting to approximately S$399,000 for the FY2021, representing contributions paid to the retirement benefits scheme by the Group. As at 31 March 2020, all contribution that was due had been paid.

Save as aforesaid, the Group did not participate in any other pension schemes during FY2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, there was sufficient public float in the Company's issued shares as required under the Listing Rules of at least 25% of the Company's total number of issued shares which was held by public.

AUDITOR

PricewaterhouseCoopers was engaged as the auditor of the Company from 18 September 2018 to 18 September 2020. Baker Tilly TFW LLP ("**Baker Tilly**") was engaged as the new auditor of the Company with effect from 18 September 2020 to fill the casual vacancy following the retirement of PricewaterhouseCoopers, and Baker Tilly resigned as the auditor of the Company on 21 April 2021.

The Board has resolved to appoint Linksfield CPA Limited as the new auditor of the Company with effect from 21 April 2021 to fill the casual vacancy following the resignation of Baker Tilly.

Linksfield CPA Limited shall hold office until the conclusion of the next AGM pursuant to the Articles of Association. A resolution to re-appoint Linksfield CPA Limited as the auditor of the Company will be proposed for approval by the shareholders at the forthcoming AGM.

By order of the Board
Trendzon Holdings Group Limited

Feng Jiamin and Michael Shi Guan Wah
Joint Chairmen

Hong Kong, 29 June 2021

The Board is pleased to present this corporate governance report in the annual report of the Company for FY2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieve and maintain high standards of corporate governance to safeguard the interests of the shareholders and to enhance its corporate value and accountability. The Directors recognize the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability. The Company adopted all the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") in Appendix 14 of Listing Rules on the Stock Exchange as its own code on corporate governance practices.

During FY2021, the Company had complied with the code provisions in the CG Code with the exception of the code provision A.2.1, relating to the role of chairman and chief executive officer. Details of such deviation and explanation are set out on the section headed "Chairman and Chief Executive Officer" below.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code. Set out below is detailed discussion of the corporate governance practices adopted and observed by the Company for FY2021.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising from corporate activities. The insurance coverage will be reviewed on an annual basis.

Board Composition

The Board currently comprises three executive Directors, namely Mr. Michael Shi Guan Wah (Joint Chairman and Chief Executive Officer), Ms. Feng Jiamin (Joint Chairman) and Mr. Lok Ka Ho and six independent non-executive Directors, namely Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan), Mr. Choo Chih Chien Benjamin, Mr. Tong Wing Chi, Mr. Shek Jun Chong and Mr. Qiu Yue.

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

The details of the service contract of the Directors are set out in the Report of the Directors of this annual report.

Relationships between the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During FY2021, the Board met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Under Rule 3.10A of the Listing Rules, issuers are required to appoint independent non-executive Directors representing at least one-third of the Board. As disclosed in this annual report, the Company has six independent non-executive Directors currently representing more than one-third of the Board and therefore the Company has complied with Rule 3.10A of the Listing Rules.

The Company has adopted a board diversity policy, a summary of which is set out under "Board Committees – Nomination Committee" below.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

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. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

In regard to the CG Code provision requiring Directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments, as well as their identity and an indication of the time involved, all the Directors have agreed to disclose their commitments and any change to the Company in a timely manner.

Continuous Professional Development

During FY2021, the participation by each Director in the continuous professional development (the "**CPD**") was recorded as follows:

The executive Directors, Mr. Michael Shi Guan Wah, Ms. Feng Jiamin and Mr. Lok Ka Ho, participated in CPD activities by ways of attending trainings and reading materials which are relevant to the Company's business or to directors' duties and responsibilities.

The independent non-executive Directors, Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan), Mr. Choo Chih Chien Benjamin, Mr Tong Wing Chi, Mr. Shek Jun Chong and Mr. Qiu Yue, participated in CPD by way of attending training and reading materials which are relevant to the Company's business or to directors' duties and responsibilities.

Chairman and Chief Executive Officer

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organizational structure of the Company, Mr. Michael Shi Guan Wah is one of the Joint Chairmen of the Board and the Chief Executive Officer. With extensive experience in the infrastructural pipeline engineering industry, the Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises three executive Directors and six independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Appointment and Re-Election of Directors

Each of the executive Directors entered into a service contract with the Company for a term of three years commencing on the respective date of their appointment. Each of their appointment can be terminated by not less than three months' notice in writing served by either party on the other. Mr. Michael Shi Guan Wah, entered into a service contract with the Company commencing on 26 February 2019. Ms. Feng Jiamin was re-designated from non-executive Director to executive Director and entered into a service contract with the Company commencing on 21 September 2020. Mr. Lok Ka Ho, was appointed as executive Director on 11 November 2020 and entered into a service contract with the Company commencing on 11 November 2020.

Each of Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan) and Mr. Choo Chih Chien Benjamin, an independent non-executive Director, has entered into a letter of appointment with the Company for a term of one year commencing on 27 March 2019, which may be terminated by not less than three months' notice in writing by either party on the other.

Mr. Tong Wing Chi, was appointed as an independent non-executive Director on 21 September 2020 and entered into a letter of appointment with the Company for a term of one year commencing on 21 September 2020, which may be terminated by not less than one month notice in writing by either party on the other.

Mr. Shek Jun Chong and Mr. Qiu Yue, were appointed as independent non-executive Directors on 11 November 2020. Each of Mr. Shek and Mr. Qiu has entered into a letter of appointment with the Company for a term of one year commencing on 11 November 2020, which may be terminated by not less than one month' notice in writing by either party on the other.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the articles of association of the Company, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall submit himself/herself for election by the Shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the articles of association of the Company. The Nomination Committee is responsible for reviewing the Board composition, and monitoring the appointment, re-election and succession planning of Directors.

Board Meetings and General Meetings

The Company adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and committee meetings, reasonable notice is generally given. The agenda and accompanying Board papers are despatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail including the matters considered by the Board and the committees and the decisions reached, and any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for consideration within a reasonable time after the date on which the meeting was held. The minutes of the Board meetings are open for inspection by Directors.

The Joint Chairmen also held a meeting with the independent non-executive Directors without presence of the executive Directors and non-executive Director during FY2021.

During FY2021, fourteen board meetings and one general meeting were held and the attendance of the individual Directors at these meetings is set out in the table below:

Directors	Attendance/ Eligible to attend Board Meeting(s)	Attendance/ Eligible to attend General Meeting(s)
Mr. Michael Shi Guan Wah	14/14	1/1
Mr. Shi Guan Lee (resigned on 21 September 2020)	5/7	1/1
Mr. Shi Hong Sheng (Xu Hongsheng) (resigned on 11 November 2020)	11/11	1/1
Ms. Feng Jiamin	11/14	1/1
Mr. Lok Ka Ho (appointed on 11 November 2020)	3/3	N/A
Mr. Cher Choong Kiak	10/14	1/1
Mr. Chiam Soon Chian (Zhan Shunquan)	11/14	1/1
Mr. Choo Chih Chien Benjamin	11/14	1/1
Mr. Tong Wing Chi (appointed on 21 September 2020)	7/7	N/A
Mr. Shek Jun Chong (appointed on 11 November 2020)	3/3	N/A
Mr. Qiu Yue (appointed on 11 November 2020)	3/3	N/A

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with all the Directors and each of the Directors has confirmed that he has complied with the Model Code during FY2021.

The Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standards set out in the Model Code for compliance by its relevant employees who are likely to be in possession of inside information of the Company in respect of their dealings in the Company's securities.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

(i) to develop, review and implement the Company's policy and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

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

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

(v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(vi) to develop, review and monitor the implementation of the Shareholders' communication policy to ensure its effectiveness, and where appropriate to enhance Shareholders' relationship with the Company.

During FY2021, 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 Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee consists of five members, namely, Mr. Chiam Soon Chian (Zhan Shunquan), Mr. Michael Shi Guan Wah, Mr. Choo Chih Chien Benjamin, Mr. Shek Jun Chong and Mr. Qiu Yue. Mr. Choo Chih Chien Benjamin is the chairman of the Nomination Committee, and except Mr. Michael Shi Guan Wah, an executive Director, the rest of them are independent non-executive Directors.

The principal duties of the Nomination Committee include the followings:

- to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;
- to identify individuals suitably qualified as potential Board members;
- to make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors; and
- to make recommendations to the Board on the appointment or reappointment of Directors and succession planning of Directors, in particular the Chairman and the chief executive.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

During FY2021, four meetings of the Nomination Committee were held and the attendance record of the Nomination Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Choo Chih Chien Benjamin	4/4
Mr. Chiam Soon Chian (Zhan Shunquan)	4/4
Mr. Michael Shi Guan Wah	4/4
Mr. Shek Jun Chong (appointed as a member on 11 November 2020)	N/A
Mr. Qin Yue (appointed as a member on 11 November 2020)	N/A

The Nomination Committee assessed the independence of independent non-executive Directors, considered the re-appointment of the retiring Directors and appointment of Directors.

Nomination Policy

The Company adopted a nomination policy (the "**Nomination Policy**"). A summary of this policy is disclosed as below.

1. *Purpose*

To ensure that Board members have the skills, experiences and diverse perspectives needed by the Company's business.

2. *Selection Principle*

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

(1) The Company's development strategy needs;

(2) Reputation for integrity;

(3) Achievements and experiences in the Company's major business;

(4) Time devotion and the representation of relevant beneficial parties;

(5) Diversity in all its aspects, including but not limited to gender, age (has to be aged 18 or older), cultural and educational background, professional experiences, skills, knowledge and management experiences;

(6) Directorship in other public companies and corporate governance structures of those companies, etc; and

(7) Independence (for independent non-executive Directors).

These factors are for references only and excluded to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

3. *Nomination Procedure*

3.1 The secretary of the Nomination Committee shall call a meeting of the Nomination Committee and invites nominated candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

3.2 For filling a casual vacancy, the Nomination Committee shall propose candidate(s) for the Board's consideration and approval. For proposing candidate(s) to stand for election at a general meeting of the Company, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

3.3 The nominated candidate(s) shall not assume that he/she has been proposed by the Board to stand for election at the general meeting of the Company until a circular to the Shareholders is issued.

3.4 In order to provide information of the candidate(s) nominated by the Board stand for election at general meeting of the Company, the Company will issue a circular to the Shareholders stating the candidate's name, resume (including qualifications and relevant experiences), proposed remuneration, and other information required in accordance with applicable laws, rules and regulations.

3.5 For independent non-executive Director, in addition to the information listed in clause 3.4 above, the followings should also be specified in the Shareholders' circular:

(1) Process used to identify the individual, reason why the Board considers that individual should be elected, and reason why the Board considers that individual is independent;

(2) If the nominated independent non-executive Director will serve as a director for the seventh (or more) public listed companies, the reason why the Board believes this individual can still devote enough time to fulfil his/her Director's responsibilities;

(3) Views and perspectives, skills and experiences that individual can bring to the Board;

(4) How will this individual promote diversity of the Board; and

(5) Other contents that applicable laws, regulations, listing rules and regulatory bodies required.

4. Responsibility

The ultimate responsibility for selecting and appointing Directors is shared by all Directors of the Company.

5. Monitoring and Reviewing

5.1 The Nomination Committee is responsible for reviewing composition of the Board and succession plan of the Board and conducting a review annually.

5.2 The Nomination Committee should regularly monitor and review formal procedures for the Nomination Policy to ensure that the Nomination Policy is tailored to the needs of the Company and reflects current regulatory requirement and good governance practices.

Board Diversity Policy

The Company adopted the board diversity policy with measurable objectives. The Nomination Committee evaluates the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board has reviewed such measurable objectives to ensure their appropriateness and ascertain the progress made towards.

The Nomination Committee will review the policy from time to time as appropriate to ensure that the policy is effectively executed. The Nomination Committee will discuss any or necessary amendments and submit to the Board regarding the proposed amendments for their approval.

All members of Directors have made contribution to their respective areas. The Directors have a balanced mix of experiences and industry background, including but not limited to experiences in construction, finance, banking and consulting, and legal industries. The independent non-executive Directors who have different industry backgrounds, represent more than one third of the Board.

Remuneration Committee

The Remuneration Committee consists of four members, namely Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan), Mr. Shek Jun Chong and Mr. Qiu Yue. Mr. Cher Choong Kiak is the chairman of the Remuneration Committee, all of them are independent non-executive Directors.

The primary duties of the Remuneration Committee include making recommendations on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; determining terms of specific remuneration package of Directors and senior management; and reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by Directors from time to time. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

During FY2021, four meetings of the Remuneration Committee were held and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Cher Choong Kiak	4/4
Mr. Shi Hong Sheng (Xu Hongsheng) (resigned on 11 November 2020)	4/4
Mr. Chiam Soon Chian (Zhan Shunquan)	4/4
Mr. Shek Jung Chong (appointed as a member on 11 November 2020)	N/A
Mr. Qiu Yue (appointed as a member on 11 November 2020)	N/A

The Remuneration Committee discussed and reviewed the remuneration policy for Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual executive Directors and senior management, also the remuneration package of newly appointed/re-designated Directors.

Details of the remuneration paid to the senior management of the Group by band, whose biographies are set out on pages 19 to 21 of this annual report, for the year are set out below:

Remuneration band (S$'000)	Number of individuals
S$101 to S$200	1
S$201 to S$300	1
S$301 to S$400	1
S$601 to S$700	1
S$1,701 to S$1,800	1

Audit Committee

The Audit Committee currently comprises all the six independent non-executive Directors, namely, Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan), Mr. Choo Chih Chien Benjamin, Mr. Tong Wing Chi, Mr. Shek Jun Chong and Mr. Qiu Yue. Mr. Chiam Soon Chian (Zhan Shunquan) is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

During FY2021, three meetings of the Audit Committee were held and the attendance record of the Audit Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Chiam Soon Chian (Zhan Shunquan)	3/3
Mr. Cher Choong Kiak	3/3
Mr. Choo Chih Chien Benjamin	3/3
Mr. Tong Wing Chi (appointed as a member on 21 Septmeber 2020)	1/1
Mr. Shek Jung Chong (appointed as a member on 11 November 2020)	1/1
Mr. Qiu Yue (appointed as a member on 11 November 2020)	1/1

The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions), internal control and risk management systems and processes and the appointment and resignation of the external auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

They also reviewed interim/final results of the Company and its subsidiaries for the fiscal year as well as the report prepared by the external auditor relating to accounting issues and major findings in course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 March 2021 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are provided to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 82 to 87 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate risk management and internal control systems to safeguard the investments of the Shareholders and assets of the Company and reviewing the effectiveness of such systems on an annual basis. Risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable 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.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems during FY2021.

The Group has outsourced its internal audit function, which is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function 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.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, during FY2021, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the Directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public to access the latest information of the Group, unless such information falls within the safe harbours of the SFO. The management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to Directors and senior management of the Group.

AUDITOR AND THEIR REMUNERATION

The report of the auditor of the Company about their reporting responsibilities on the Group's financial statements for FY2021 is set out in the section "Independent Auditor's Report" of this report. During FY2021, remuneration paid and payable to the auditor of the Group are approximately S$183,000 for annual audit fee.

COMPANY SECRETARY

During the period from 1 April 2020 to 20 September 2020, the Company had engaged Hauzen Services Limited, an external service provider, and Mr. Hwang Hau-zen Basil has been appointed as the Company's company secretary. With effect from 21 September 2020, Mr. Tse Fung Chun has been appointed as the company secretary of the Company to fill the vacancy arising from the resignation of Mr. Hwang Hau-zen Basil. Details of the above change of company secretary can be referred to in the Company's announcement dated 21 September 2020.

All Directors have access to the advices and services of the company secretary on corporate governance and board practices and matters.

Mr. Tse Fung Chun has attended not less than 15 hours training as per the requirement under Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company, and the chairmen of the Board Committees of the Company will attend the annual general meeting to answer Shareholders' questions. The external auditor of the Company will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship, communicating between the Company and its Shareholders and maintaining a website at www.pipeline-engineering-holdings.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at Shareholder's meetings, including the election of individual Directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Stock Exchange and the Company in a timely manner after each Shareholder meeting.

Procedures for Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals at EGM

Pursuant to article 58 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM.

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 EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (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.

The requisition must state clearly the name of the requisitionists, their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the EGM and signed by the requisitionist(s).

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business of the Company in Hong Kong at 23/F., Central 88, No. 88-98 Des Voeux Road Central, Hong Kong (email address: admin@hscpe.com).

Dividend Policy

The Company has adopted a dividend policy pursuant to code provision E.1.5 of the CG Code, pursuant to which the Company may declare dividends recommended by the Board to the shareholders.

The declaration of dividends is subject to the discretion of the Board, and the dividend payout shall be based on the Group's actual and expected financial performance, retained earnings and distributable reserves of the Company and members of the Group, economic conditions and other internal or external factors which may have an impact on the business or financial performance and position of the Group, business strategies of the Group (including future cash commitments and investment needs to sustain the long-term growth aspect of the business), current future operations, liquidity position and capital requirements of the Group, statutory and regulatory restrictions and any other factors that the Board deems appropriate.

The declaration and payment of dividend by the Company is subject to the approval of the shareholders of the Company and requirements of the relevant law and articles of association of the Company.

CHANGE IN CONSTITUTIONAL DOCUMENTS

For FY2021, there is no significant change in constitutional documents of the Company.

SCOPE AND REPORTING PERIOD

Trendzon Holdings Group Limited (formerly known as Pipeline Engineering Holdings Limited) is pleased to publish the Environmental, Social, and Governance (the "**ESG**") report, highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The principal activities of the Group are principally:

(i) pipeline project works for gas pipeline projects; water pipeline projects; and cable installation projects; and

(ii) trading of building materials.

The Group, since the previous reporting period, has acquired Pioneer Galaxy Holdings Limited and Trendzon (Hong Kong) International Holdings Company Limited, and established two wholly-owned subsidiaries, Jumbo Harvest Group Limited and 內蒙古城市環保管道工程有限公司 (Inner Mongolia City Environmental Protection Pipeline Engineering Limited*). In addition, the Group has changed its name from Pipeline Engineering Holdings Limited to Trendzon Holdings Group Limited. The Group is pleased to demonstrate its commitment to improve ESG performance progress on our sustainable journey.

This ESG report covers the Group's overall performance in two subject areas, namely, environmental and social aspects of the business operations in infrastructural pipeline construction and related engineering services in Singapore and in the trading of building materials in Hong Kong from 1 April 2020 to 31 March 2021, unless otherwise stated. For details of the Group's corporate governance, please refer to the Group's corporate governance report in the Group's annual report for the year ended 31 March 2021.

SUSTAINABILITY MISSION AND VISION

Mission

The Group is focused on strengthening the market position in the building and construction industry in Singapore and exploring the industries with local potential business opportunities such as real estate, engineering infrastructure, culture, tourism, healthcare, hotel, finance, securities, tobacco and money lender in the PRC and other regions and countries in the Southeast Asia. The Group is committed to implement the national Belt and Road strategy and promote the economic development of Southeast Asia based on the resource advantages of the Greater Bay Area.

* For identification purpose only

Vision on Environment, Social, and Governance

Sound corporate governance attracts investment, protects rights of shareholders and stakeholders and enhances shareholder value. The Group is committed to account for its shareholders with a highly transparent and open attitude.

The Group has established an ESG Task Force, comprising members from senior management and risk management team, maintaining oversight in the ESG efforts of work teams across different departments including project, contract, finance and human resources. The ESG Task Force reviews the Group's ESG objectives, challenges, targets and progress to ensure their alignment with the Group's strategic direction and supervises the implementation and tracking of sustainability data and progress of various work teams. The board of directors of the Company (the "**Board**") has the overall responsibility of the Group's ESG strategy and reporting, and continuously oversees the process to engage stakeholders, identifies material topics, and approves the ESG material factors identified by the ESG Task Force.

The Group also holds a high standard in business ethics and invests in sustainable businesses. It is committed to improving quality of the communities and the environment, whilst providing long-term returns to its shareholders.

AWARDS AND RECOGNITION

The Group's efforts in building a safe, high quality, sustainable and friendly built environment is recognised by the Building and Construction Authority ("**BCA**"), and the Group was awarded the BCA Green and Gracious Builder Award. The Group has a "Green and Gracious Policy Statement", listing out ways that it is committed to protecting the Earth, taking care of the environment, and being gracious to our employees and stakeholders. Commitments include and are not limited to preventing pollution, promoting resource efficiency, reducing waste generation, and training personnel on green and gracious practices. The Group strives to improve its green and gracious performances on all our project sites to create the best workplace for its staff and workers, as well as to maintain a conducive, clean and safe living environment for its stakeholders.

In addition, the Group has adopted the Quality, Safety, Health and Environmental ("**QSHE**") Policy in accordance with relevant Singapore standards related to safety and health management system and other standards, code of practice or guidance issued or approved by the Workplace Safety and Health Council of Singapore.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group communicates with key stakeholders through daily interaction to understand their concerns and expectations on ESG issues. Through regular engagement sessions, the Group obtains valuable feedback and reviews areas of attention which will help the business to meet its potential growth and be prepared for future ESG challenges. Communication channels are as follows:

Stakeholders	Possible Issue of Concern	Communication Channels
Shareholders and investors	• Corporate governance system • Business strategies and performance • Corporate transparency and reputation	• Annual General Meeting (AGM) and other shareholders' meeting • Annual reports and interim reports • Announcements and circulars • Company website and email
Customers and business partners	• Work and service quality • Delivery time • Pricing	• Customer satisfaction survey • Progress meetings • Communication with staff and management
Employees	• Rights and benefits • Remuneration and compensation • Career development and training • Working hours • Occupational health and safety • Working environment	• Trainings, seminars, and briefing sessions • Performance reviews • Intranet • Employee communication meetings • Employee's handbook
Suppliers and subcontractors	• Supplier management • Customer service	• Supplier management meetings and events • Supplier review • Site visits
Media, NGOs, and the public	• Community environment • Employment and community development • Social welfare	• ESG report • Community activities • Employee voluntary activities • Community welfare subsidies • Charitable donations

The Group will conduct an Enterprise Risk Assessment at least once per year that covers the current and potential risks it faces, including but not limited to the risks arising in the ESG aspect of the business. Upon receipt of the Enterprise Risk Assessment report, the Board will assess and evaluate the identified risks and review the Group's existing strategy, target and execute internal control to implement necessary improvement to mitigate the risks. In order to manage the environmental-related risks and social sustainability risks, the Board adopts the measures against the risks identified during the Enterprise Risk Assessment to make sure that the stakeholders and the environment are better sheltered from any potential risks inherent to its business operations.

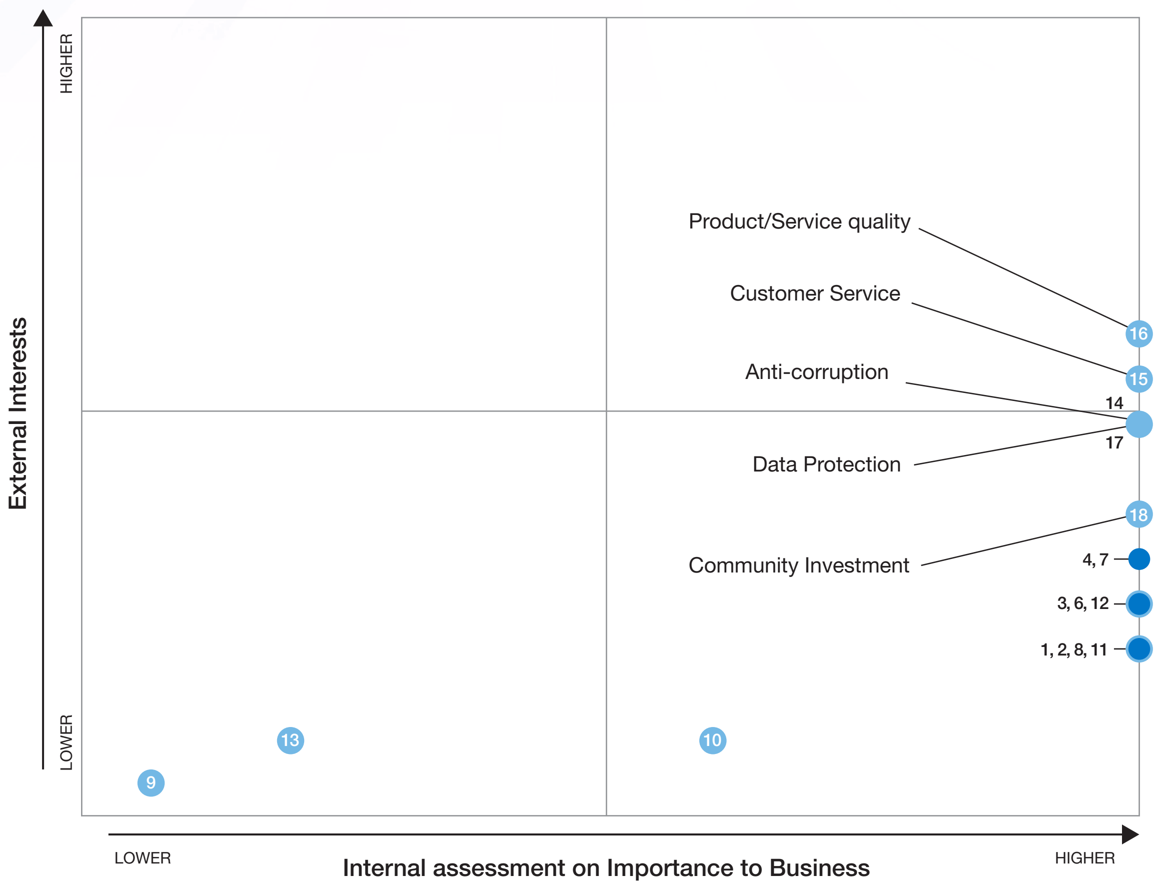
Materiality Assessment

To identify material ESG issues, the Group has specifically engaged a wide range of stakeholders, including the Board, shareholders, senior management, frontline workers, customers and suppliers, to gain insights into ESG material topics. In the materiality assessment, stakeholders were asked to rate a list of 17 ESG topics in terms of their relevance and importance to the Group's business continual and sustainability performance, as well as to the wider community.

Results of the materiality assessment and the consolidated list of material aspects with respective management are presented in the following matrix, table and section, respectively.

Materiality Matrix:

Materiality of Different Topics from Stakeholder Engagement



Environmental

A1	Energy	B3	Development and Training
A2	Water	B4	Labour Standards
A3	Air Emission	B5	Supply Chain Management
A4	Waste and Effluent	B6	Intellectual Property Rights
A5	Other Raw Materials Consumption	B7	Data Protection
A6	Environmental Protection Policies	B8	Customer Service
A7	Climate Change	B9	Product/Service Quality
Social		B10	Anti-corruption
B1	Employment	B11	Community Investment
B2	Occupational Health and Safety		

Among the environmental and social aspects, the following topics are identified as the most important issues by stakeholders:

1. product/service quality;
2. customer service;
3. anti-corruption;
4. data protection; and
5. community investment.

The Group aims to keep close communication with its stakeholders and continue improving its ESG performance and management on ESG-related risks for future business development.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at admin@hscpe.com.

A. ENVIRONMENTAL

1. Emissions

Types of emissions the Group contributed towards in the reporting period were mainly due to petrol, diesel, electricity, water and paper consumption. The business does not involve in consumption of packaging materials, production-related air, water, and land pollutions which are regulated under national laws and regulations.

Since the Group's operations consist mainly of pipeline project works, it does not have a material consumption of natural resources and the production of hazardous wastes. However, it is aware that it may inevitably produce non-hazardous waste and consume fuels. Therefore, the Group places the highest priority on reduction of the non-hazardous wastes and limitation of oil consumption. Currently, the Group is not aware of actual environmental risks on the Group's business, strategies and financial performance.

The Group understands that electricity and water consumed, as well as wastes generated in its business operation, contribute to significant consumption of natural resources and poses a risk to public health and the environment. Therefore, electricity and water saving initiatives were highly promoted and implemented in its workplace, wastes were treated cautiously according to the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), the Environmental Public Health Act (Chapter 95, Section 113) of Singapore and the Group's guidelines during the reporting period. Details of electricity and water saving initiatives and handling of wastes are discussed below in the corresponding sections.

Total floor area coverage for the Group was 4931.3 m^2.

During the reporting period, the Group did not notice any non-compliance incidents relating to air and greenhouse gas emissions, water and land discharges and generation of hazardous and non-hazardous waste that have an impact on us.

Greenhouse Gas Emissions

Scope of Greenhouse Gas Emissions	Emission Sources	Emission *(in tCO_2e)*	Emission intensity *(tCO_2e/employee) (Note 2)*	Total Emission *(in percentage)*
Scope 1				
Direct Emission	Diesel Petrol	1,345.38	4.285	95.77%
Scope 2				
Indirect Emission	Purchased Electricity	55.56	0.177	3.95%
Scope 3				
Other Indirect Emission	Paper Consumption	3.92	0.012	0.28%
Total		1,404.86	4.474	

Notes:

1. Emission factors were made reference to Singapore Energy Market Authority 2019 which stated that Electricity Grid Emission Factors for Average Operating Margin is 0.4085 and Build Margin is 0.4013. We've taken the average of the two emission factors for the above calculation.

2. As at 31 March 2021, the Group has 314 employees in total. The data is also used for calculating other intensity data.

There were 1,404.86 tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operations in the reporting period. The annual emission intensity was 0.285 tCO_2e/m^2 and 4.474 tCO_2e/employee.

The Group strives to continually improve its sustainability practices and reduce its overall emissions and impacts on the environment. Regarding air emissions, due to the Group's business nature, it considers the relevant air emissions generated as insignificant. However, it still pays attention to the limited air emissions that are generated at construction sites. The Group strives to mitigate the exhaust gas and dusts generated from the production process as much as possible.

Dust is a main concern of the Group due to its operations regarding the construction of pipelines. To control and monitor the dust generated from its operations, the Group has a section on "Site Dust Control" in its QSHE Management Programme. To target and cater to dust problems at sites, the following guidelines have been established:

– Concreted or paved areas for site access to reduce generation of airborne dust;

– Provided water sprays to dampen dust generated during works; and

– Covered and secured all loads on vehicles before leaving the site.

Consequently, the Group is not aware of any significant issues regarding dust discharge.

Additionally, in the aspect of GHG emissions, the Group is aware that the principal GHG are generated from the petrol and diesel consumption of vehicles (Scope 1) and purchased electricity (Scope 2). Hence, the Group has adopted the various measures to mitigate the direct GHG emissions from petrol and diesel consumption in its operations (see section "Energy").

Finally, the consumption of electricity is concluded as the most significant source of indirect GHG emission. Therefore, the Group has instilled the following measures to promote energy efficiency:

– Switch off unnecessary lightings and electrical appliances when not in use; and

– Purchase and use of LED lightings and energy efficient office equipment.

The Group targets to reduce emissions by 10% in 5 years (2% per year). To achieve that, the Group will be installing solar panels in its new headquarters.

Emission Sources

(i) Direct Emission

A total of 3,983 litres of petrol and 506,086 litres of diesel was used for the Group-owned vehicles in the reporting period, contributing to 17,503.46 kg of nitrogen oxides, 8.21 kg of sulphur oxides, 615.6 kg of particulate matter emissions and 1,345.38 tonnes of carbon dioxide equivalent emission.

(ii) Electricity

The electricity consumption by the Group was 128,748 kWh, with 11,243 kWh consumed in the Hong Kong office and 117,505 kWh consumed in the Singapore office. Energy intensity of the Group is 26.1 kWh/m^2 and 410.03 kWh/employee. The Group encourages staff to adopt energy saving measures through reminders and email. For example, switching off unnecessary lighting and electronic appliances.

(iii) Water

Water consumption by the Group was 22,645.2 m^3 in Singapore operation with water intensity of 4.59 m^3/m^2. Nevertheless, the Group reminds its staff to reduce water usage whenever possible. Only water consumption of the Group's Singapore operation is included as water consumption of its Hong Kong operation is managed by the office's building management office and respective data is not available, but it is noteworthy that water consumption of its Hong Kong operation is insignificant.

(iv) Waste

Hazardous Waste

The Group did not generate material hazardous wastes during the year, but it has established guidelines in governing the management and disposal of hazardous wastes. In the case that there is any hazardous wastes being produced, chemical wastes will be temporarily stored in a dedicated location with appropriate hazard labels. We must engage a qualified chemical waste collector to handle such waste, which follows the relevant environmental regulations and rules. The Group is not aware of any hazardous waste that is being discharged during its business.

Non-hazardous Waste

The Group's waste was mainly generated from its construction sites and office, including non-hazardous waste types such as construction waste, wood and paper. With the aim of minimizing the environmental impacts from non-hazardous wastes generated from its business operations, the Group has implemented measures in waste management and launched different reduction initiatives. For wastes generated at sites, the Group has implemented separate refuse management systems for organic and construction wastes at our project work site. Industrial wastes are brought back to the Group's headquarters for disposal by the appropriate certified disposal vendor.

To promote waste separation at source, disposal bins for different types of waste streams are made readily available. We set up procedures for reduction of construction waste and office waste by implementing arrangement of recycling of office waste management. In addition, we have implemented the following procedures to encourage employees to share responsibilities in waste management and minimise waste generations:

- Used double sided printing or photocopying wherever possible;
- Utilised electronic media for communication;
- Digitalisation of site documents;
- Recycled one-sided printed paper; and
- Avoided single-use disposable items.

The Group also inculcates good practices among staff, including sub-contractors, to segregation of paper packaging for disposal into recycling bin(s) to designated refuse collecting point(s).

Results of implementing such practices (comparison):

	FY2021		FY2020	
	Total discharge *(tonnes)*	**Intensity *(tonnes/ employee)***	Total discharge *(tonnes)*	Intensity *(tonnes/ employee)*
Scrap iron	**82.71**	**0.2634**	52.09	0.1847
Paper	**0.82**	**0.0026**	0.95	0.0034

A total 817.55 kg of paper has been used for daily office operations such as documents printing and deliverables packaging. With the Group's effort in enhancing paper recycling, 77.35 tonnes of waste paper has been collected by licensed recycling company.

The Company targets to reduce waste by 5% in 5 years (1% per year). To achieve that, the Company will send its staff and employees for professional and technical courses to improve their technical skills and hence, improving their efficiency and indirectly contributing to less waste produced in their course of operations. The Group has implemented various digitalization efforts which enables the Company to move away from the conventional manual filling and record keeping.

(v) Business Air Travels

During the reporting period, the Group did not have any business air travel because of COVID-19 pandemic. No GHG emission has contributed by air travel. However, the Group will strive to reduce business air travel in the future by using teleconference meetings and other electronic communication.

2. Use of Resources

Energy

The Group aims to minimise environmental impacts in its operations by identifying and adopting appropriate measures in its operations. All employees are notified to implement such policies and measures on resource utilisation. Regular review is conducted on its energy objectives and targets to seek continuous improvement in the Group's energy performance.

Monthly monitoring of the usage of electricity, water and other materials is implemented. Unexpected high electricity consumptions will be investigated to find out the root cause and preventive measures will be taken. During the reporting period, the Group has performed the following measures relating to promoting energy efficiency:

– Switching off unnecessary lightings and electrical appliances when not in use; and

– Purchasing and using LED lighting and energy efficient office equipment.

During FY 2021, the total energy consumption by the Group was 5,225,057 Kilowatt-hour ("**kWh**"), with an overall energy intensity of 16,640 kWh per employee during the reporting period.

Direct/indirect energy sources	Usage	Consumption *(unit)*	Consumption *(kWh)*	Energy intensity *(kWh/employee)*
Petrol	For vehicles	3,983 Litre	35,449	112.895
Diesel	For vehicles	506,086 Litre	5,060,860	16,117.389
Electricity	For office operations	128,748 kWh	128,748	410.025
		Total:	5,225,057	16,640.309

Note: Conversion factors were made reference to IEA Energy Statistics Manual and 2006 IPCC Guidelines for National Greenhouse Gas Inventories and 2019 Refinement.

The principal energy consumption of the Group is generated from diesel. As a result, we have adopted the following measures:

– Switching off engines whenever the vehicle is idled;

– Purchased Euro VI Emission Petrol and Diesel Vehicles;

– Examined and obtained certification for the vehicles under Section 90 of the "Road Traffic Act" on the prescribed statutory requirements; and

– Provided maintenance service to the vehicles on a regular basis to ensure engine performance to ensure efficient use of fuel.

The Company targets to reduce diesel consumption by 5% in 5 years (1% per year). To achieve that, the Company will only source for newer energy efficient machineries when the need arises and continues to review its existing machineries to ensure they are functioning well. Machineries which are battered will be scrapped and replaced.

Water

Water consumption of the Group is mainly used for headquarters' cleaning and sanitation. The Group has set up procedures for water conservation measures. Also, there is a monitoring system for overlooking the water consumption in its headquarters. Due to our business nature, we do not have issues in sourcing water that is fit for purpose.

The Group encourages all employees to develop the habit of water conservation. It has been strengthening its water-saving promotion, posting water saving reminders, and guiding employees to use water reasonably. The following are some measures that have been implemented to increase water efficiency:

– Utilised recycled water for vehicle washing, cleaning of drains and dirty boot;

– Use of water recycling equipment that are of chemical type or membrane type; and

– Use of water efficient fittings and rainwater collected from water tanks for toilet flushing, vehicles and compound area washing related activities.

The Company targets to reduce water consumption by 5% in 5 years (1% per year). To achieve that, the Company will build a large water catchment container to collect rain at its new headquarters. The water collected will be used for general washing and sanitizing. Additionally, the nature of the Group's operations did not generate any wastewater.

Packaging material

The Group's business did not involve any use of packaging materials; hence no data nor information is being presented in this report.

3. The Environmental and Natural Resources

Realising that the core business of the Group have potential impacts on the environment and natural resources, as an ongoing commitment to corporate social responsibility, we strive to minimise negative environmental impacts of our business operations. Due to our business nature, we recognise the potential negative environmental impacts like noise pollution. To mitigate the disturbance to the community and environment, we included a section on "Site Noise Control" in our QSHE Management Programme. We are also devoted to achieve sustainable development for generating long-term values to the community and our stakeholders. To mitigate our potential environmental impacts, we made efforts to reduce consumption of natural resources and to promote effective environmental management. We regularly assess the environmental risks of our businesses, adopt preventive measures to reduce potential risks and ensure compliance with relevant laws and regulations.

Environmentally Friendly Construction Methods

We strive for environmental protection and gracious practices during construction phase of projects. The concept of sustainability is embedded in our procurement and working processes. We recommend and use environmentally friendly or green label products on site. To raise the awareness of staff at the sites, environmental posters are displayed at our various notice boards.

Realising the potential environmental and health problems may arise from our construction sites due to pests, we adopt proactive vector control measures at site by deployment of in-house team, carrying out regular oiling besides the engagement of Pest Control service.

Our efforts in building a safe, high quality, sustainable and friendly built environment is recognised by the Building and Construction Authority ("**BCA**"), and we were awarded the BCA Green and Gracious Builder Award.

Noise Control

Realising the potential noise pollution from our construction sites, we have a section on "Site Noise Control" in our QSHE Management Programme. We have implemented the following measures to control noise emissions at sites:

– Installed noise barriers at areas of concern to reduce noise transmission; and

– Installed noise monitoring meter(s) both on and off site to monitor where it is reasonable and practicable.

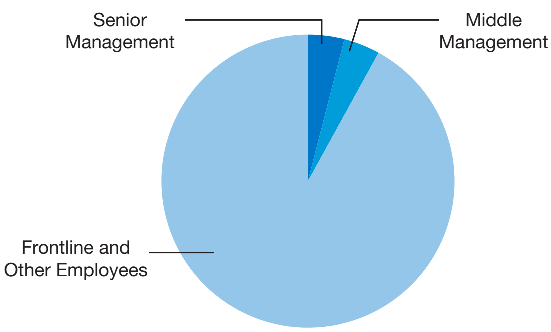
B. Social

1. Employment and Labour Practices

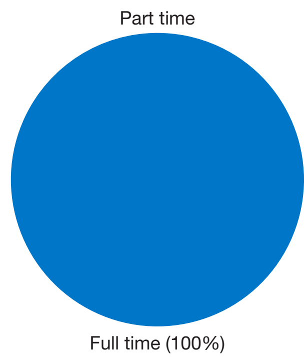
(i) Employment

The Group had a total number of 314 employees, with 297 located in Singapore, 12 located in Hong Kong and 5 located in the PRC as of 31 March 2021.

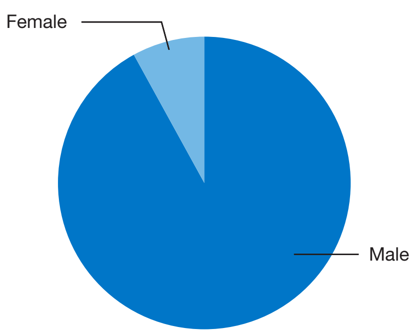
Total Workforce by Category



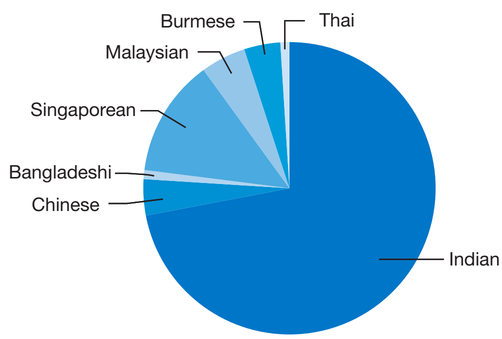
Total Workforce by Employment Type



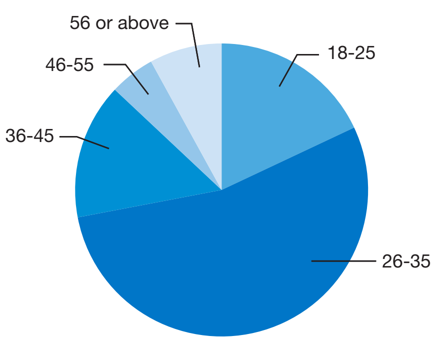
Total Workforce by Gender



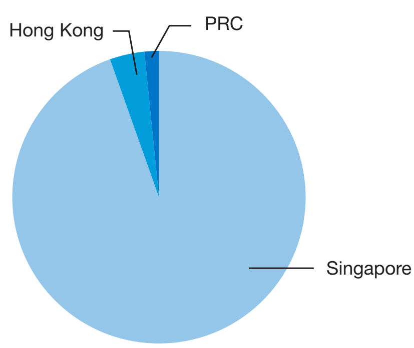
Total Workforce by Nationality



Total Workforce by Age



Total Workforce by Geographical Location



During the reporting period, the Group did not notice any non-compliance incidents relating to employment that have a significant impact on us.

Recruitment and dismissal

Human resources are the foundation for the Group's continuous development. Hence, we have established relevant employment policies to adopt people-oriented management strategy and realizing the full potential of employees. Relevant employment policies including recruitment and dismissal are formally documented in our Employee Handbook. We adopt robust, transparent and fair treatment processes based on merit selection against the job criteria applied. Recruitment of individuals are based on their suitability for the position and potential to fulfill the Group's current and future needs. We ensure that our employees and applicants are treated and evaluated in a fair way.

Work Policies

The Group has formulated policies in determining the working hours and rest periods for employees in accordance with local employment laws. Apart from the basic leaves, such as annual leaves, employees are also entitled to additional leaves, such as maternity leave, childcare leave, marriage leave, and compassionate leave, if such leave periods are granted in accordance with the relevant employment laws, and leaves are in accordance with the provision of the "Employment Act".

The Group historically grants employees 10 annual leaves yearly, with 1 additional day granted for each year of service up to a total of 18 days. During the reporting period, the Group revised the policy to grants employees 14 annual leaves yearly, with 1 additional day granted for each year of service up to a total of 18 days.

The Group did not note any cases of material non-compliance in relation to employment during the reporting period.

Competitive Compensation and Benefits Package

Employees are entitled to basic salary with various allowance as per their job positions, age and extra work hours, year-end bonus on performance. Basic social insurance including pension, medical, work-related injury, unemployment compensation and maternity. Various types of leave are provided including annual, sick, work-related injury, marriage, maternity and compassionate leave. The Group regularly reviews employees' salary together with business growth and market price, the pay is generally above market average.

Internal Promotion

Internal promotion and job opportunities are offered to existing employees and selection is based on the monthly reviewed work capability, attitude, and quality of work of the employees on a point scoring system. Employees are encouraged to discuss their goals in job advancement and career development.

Equal Opportunity, Diversity and Anti-discrimination

A diverse and skilled workforce is crucial for its business. The Group is committed to create and maintain an inclusive and collaborative workplace culture. It is dedicated to providing equal opportunities in all aspects of employment and maintaining workplace that are free from discrimination, physical or verbal harassment against any individual based on race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. The Group also strives to ensure that complaints, grievances and concerns, including whistleblowing, are dealt with promptly and confidentially. The Group has zero tolerance on sexual harassment or abuse in the workplace of any form.

Employee Communication

No major activities were carried out due to the pandemic. However, the Company does occasional packed catering for its workers and carry out mini activities in its dorm for workers to interact and win additional monetary reward.

COVID-19 Adjustments

During the pandemic, the Group has made adjustments in response to this unprecedented crisis:

1. Implemented a salary cut across the Group for the month of June 2020 (only 1 month). Salaries were reverted to normal after June 2020 and no similar instances being implemented.

2. The Group had its usual annual yearly review of salary package during July 2020. Only increments are implemented, no reduction.

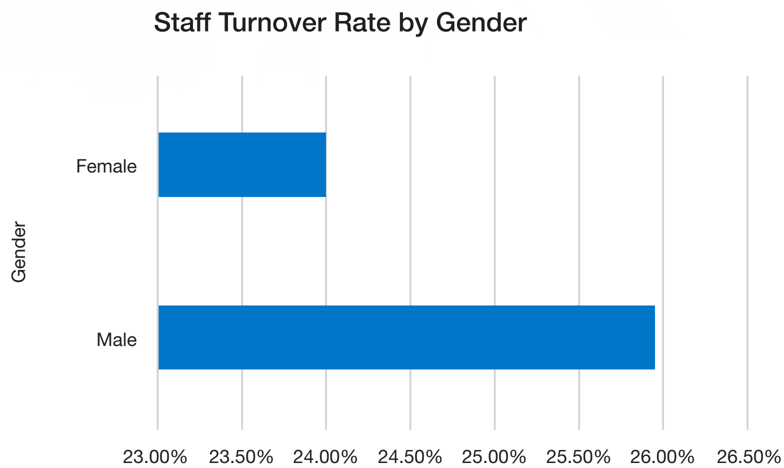
3. The Group implemented work from home, staggered reporting to office, etc, aligned with the guidelines issued by Singapore's Government.

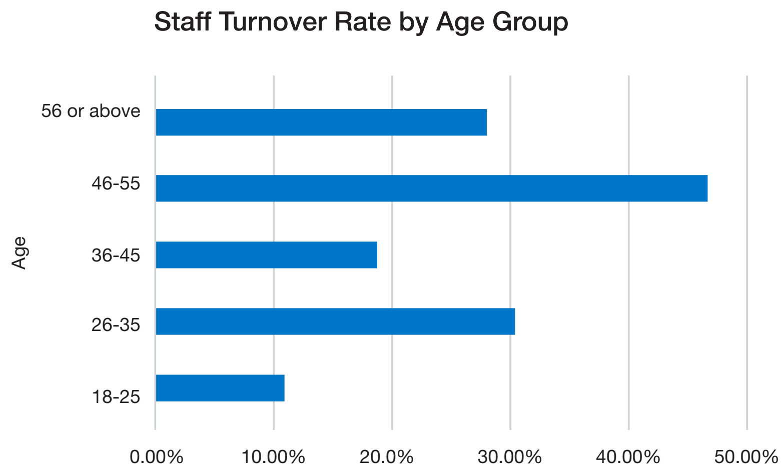
4. The Group had approximately 15 workers which was infected. However, they were staying in third party dormitory and as such, did not have contact with staffs in our own dormitory. The infected workers and the rest were put on quarantined order at the third party dormitory. They still received at least 75% of their normal basic pay. This has allowed the employees to be able to support their families in their home country when the subsidiary in Singapore was in Circuit Breaker stage and operating at 30% capacity.

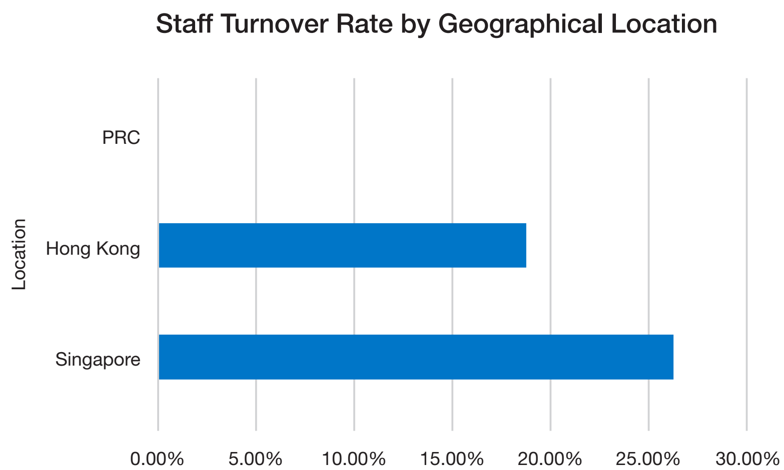
As a result, there were no dismissal during the reporting period.

Turnover

A total number of 81 employees left the Group in 2020/21, contributing to overall turnover rate of 25.79%. Category, age group and gender account for the total turnover in the reporting period are as follows:







(ii) Employee Health and Safety

The Group is committed to provide and maintain a safe and healthy working environment for the benefit of our employees, subcontractors, and suppliers. It has established a QSHE (Quality, Safety, Health and Environmental) Management System Operation Procedure which sets out clear terms for project management approaches and commitments to health and safety. The Group reviews the policy annually, or when incidents arising determine a need to review, to ensure that the procedure remains relevant and appropriate.

The QSHE system, was written in accordance with relevant Singapore standards relating to safety and health management system and other standards. The policy includes main-contractor and subcontractor responsibilities, and the management's commitments to safety and health. The policy also states the requirement of sub-contractor to provide sufficient and appropriate resources at the site. The QSHE Policy is reviewed at intervals of at least once a year, or when there is a change of operations that requires other sources and personnel management, and after statutory audits.

In addition, the Group has established various occupational health programmes which aim to protect workers from health hazards relevant to the construction industry such as noise, dust, toxic gases and vapours. Such programmes include Hearing Conservation Programme, Respiratory Protection Programme, Hand Protection Programme, Personal Eye Protection Programme, etc.

The Group is also certified with bizSafe Star Level, which is accredited by the Workplace Safety and Health Council in Singapore. The Group will continue to invest sufficient resources and devote its efforts to maintain and enhance safety management to reduce risks in employee health and safety.

The Group is not aware of any non-compliances related to employee health and safety that have significant impact on us during the reporting period.

In consideration of the COVID-19 pandemic, the Group has also implemented various new policies to ensure the health and safety of employees:

1. Employees, client and visitors are required to take their temperature at the guard station and record their attendance before entering the office.

2. Most of the employees are granted work from home with occasional reporting to office at a staggered schedule.

3. In the premise, everyone must be wearing masks at all times.

4. In the office, boundary lines are in place to remind everyone of the safe distancing.

5. Employees that have mild symptoms are encouraged to seek medical consultations and to take medical leave as prescribed.

6. The Group voluntary sends its employees for fortnightly swab test.

7. The Group updates its office staffs via WhatsApp group chat on the latest developments. For foreign workers in the dormitory, notices are put up to update the workers.

Occupational Health and Safety Data	2020/21	2019/20
Work related fatality	0	0
Work injury cases >3 days	3	7
Work injury cases <3 days	4	0
Lost days due to work injury	33	318

The Group had no work related fatality for the past three years including the reporting period.

(iii) Development and Training

The Group conducts regular safety inspections to ensure its operations are conducted in a manner so as to reduce the risks to employees and workers. Safety inspections are conducted by different levels of management, and follow-up actions will be conducted immediately when deemed necessary. The Group emphasises to its employees that strict compliance with safety requirements is vital to ensure that there are no accidents to themselves or others that work on its projects. The Group also requires its subcontractors to abide by all applicable laws, regulations and safety requirements imposed by the relevant government authorities.

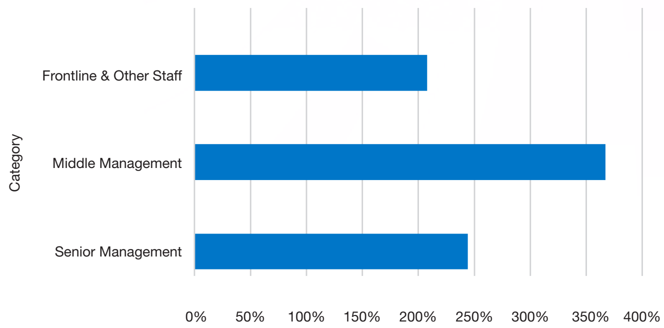
Mass Toolbox Meetings and/or Weekly Toolbox Meetings are regularly conducted to train all workers on the relevant health hazards, safe work practice and proper use of personal protective equipment. The worksite management also implement Safety and Health Management System ("**SHMS**") promotional programmes to educate the workers on health hazards and the corresponding control measures.

In addition to compulsory induction training, internal trainings for employees generally fall in the following categories: work safety, fire safety, occupational health, environmental protection, work procedures, ISO 9001 quality management system and ISO 14001 Environmental Management System. These trainings aim to strengthen employees' knowledge, competency, productivity and effectiveness related to their job position, as well as relevant laws and regulations, policies and procedures, and their response to emergency for both hazardous waste fire and leakage. Employees in management level were required to attend both internal corporate management skill training course and external safety training held by State Administration of Work Safety.

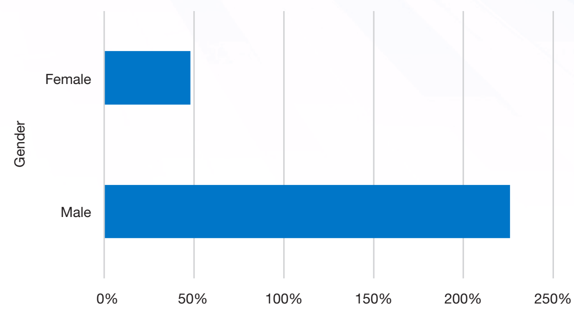
The Group also encourages employees to attend external training courses for excavation, heavy lifting and hoisting machinery operation, class III boiler operation, welder certification, electrician permit, on-site health and safety certification. The Group is committed to invest in the training and further education of its employees through on-the-job training as well as external courses which are supported by the Group. Training needs of each department are assessed by its respective Heads of Department, and courses are arranged between the employee and the Heads.

A total of 6,276 hours training courses was conducted in the reporting period.

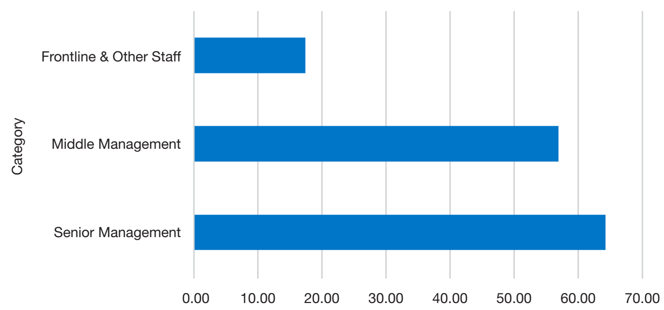
Percentage of Employees Trained by Category



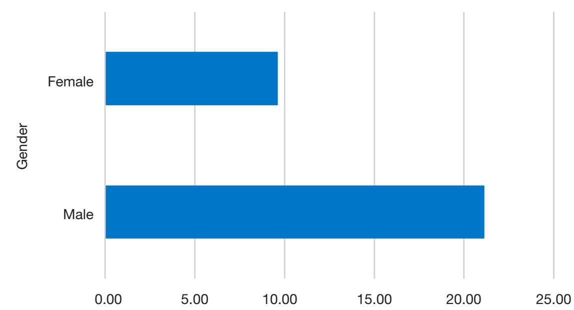
Percentage of Employees Trained by Gender



Average Training Hours Completed per Employee by Category



Average Training Hours Completed per Employee by Gender



(iv) Labour Standard

The Group strictly complies with local laws and does not provide employment to children before they reach the legal age to work as defined by the International Labour Organisation ("**ILO**") Convention and Ministry of Manpower in Singapore. No employee will be compelled to work against his or her will through force or intimidation of any form or subjected to corporal punishment or coercion of any type related to work.

The Human Resources and Administration Department of the Group strictly complies with local laws and conducts recruitment based on all the employment requirements in each respective location in which the headquarters are located. Personal data will be collected during the recruitment process to assist in the selection of suitable candidates. The Human Resources Department will also ensure the compliance at all operations and facilities by checking original identification cards upon recruitment. If violation is involved, it will be dealt with in the light of circumstances. The Group also sources its candidates through legal and legitimate sources, such as websites like JobStreet, while foreign workers through licensed employment agencies. The Group reviews each applicant's resumes to ensure they are of appropriate legal age before engaging them for interview. Hence there will not be any chance of such practice.

During the reporting period, the Group did not notice any non-compliance incidents related to child and forced labour that have a significant impact on us.

2. Operating Practices

(i) Supply Chain Management

The Group has established a vendor performance assessment and monitoring system to provide the Purchasing Department with a structured and systematic way to assess suppliers and sub-contractors. Supplier and sub-contractor evaluations are based on product quality, ability in meeting contractual requirements, previous project references and delivery capability. The system also helps to ensure the delivery of maximum value and service quality for the Group's purchase with the input from users and purchasing staff.

Suppliers and sub-contractors' assessments will be conducted periodically, and the results of the evaluations, both positive and those needing improvement, will be promptly shared with the vendors. Suppliers who consistently fail to meet the Group's requirements may be subjected to suspension for future supply.

Supplier's environmental and social risk management is one of the Group's considerations in the Supplier Initial Assessment Report. The Group assess its suppliers' certified management systems such as ISO 9000, ISO/TS 16949, ISO 14000, OHSAS 18000, ISO 22000, ISO/IEC17025 and etc. in the evaluation processes. Other factors such as quality, environmental, occupational health and safety problems are also included in our assessment processes.

The Group has formulated a tendering manual to ensure vendors in the market could engage in fair competition during the tendering processes. The Group prohibits the differentiation or discrimination on certain vendors; and it strictly monitors and prevents all kinds of business bribery. Employees or personnel having any interest relationship with the vendors should not be involved in the related business activity.

The following table shows the number of suppliers sourced in various geographical regions in FY2021:

Country	No. of suppliers	No. of subcontractors
Singapore	233	39
Malaysia	2	–
China	2	–
Hong Kong	2	–
UAE	0	1

(ii) Product Responsibility

Intellectual Property Rights

As the Group's operational process does not involve advertising and labelling practices, the information relating to advertising and labelling is considered as non-material to the Group.

Service Quality Assurance

In order to ensure service quality is being maintained, the Group has implemented the quality policy, complied with international standards, and is certified with ISO 9001 quality management. The Group is dedicated to deliver quality products and services which satisfy the needs and requirements of our customers and interested parties by continually improving the effectiveness of the quality management system.

For redress, the Group has a customer visit report for customers to provide feedback for its services. Customers evaluate the Group's performances on quality of our services, response to instructions, progress of work delivery, quality of workmanship, site planning and control, public inconvenience, and performance during defect liability period. Other recommendation and comments from the clients are also recorded.

Industrial information, customer feedback, product information request, customer enquiries, customer complaints and competitors' action are gathered for determination and review of customer's requirements. This information will then be used for service or product generation, review will be carried out to ensure customer satisfaction. If customers are not satisfied with the service or product, further studies and review will be conducted.

The Group has also established a set of procedures in handling customers' feedbacks or complaints in a professional manner. Upon receiving product or service-related enquiries or complaints, reviews will be conducted immediately. After complaints are settled, customers' satisfaction will be evaluated.

Consumer Data Protection

The Group respects the values and rights of customers' information assets, and strictly complies with the customers' information security management systems and standards. In order to provide high-quality services, we are determined to strengthen the protection of customers' privacy. In addition, the Group adheres to the "Personal Data Protection Act" of Singapore and the Personal Data (Privacy) Ordinance in Hong Kong. It has implemented firewall, anti-virus, and anti-spam solutions for our IT systems to prevent leakage of confidential information, which are upgraded constantly.

There has been no complaints on the Group's services regarding the areas of product responsibility during the reporting period.

(iii) Anti-corruption

The Group has zero toleration on any corruptions, frauds and all other behaviours violating work ethics. It values and upholds integrity, honesty and fairness in the way it conducts businesses. The Group has formulated related policies on the control and prevention of bribery, extortion, fraud and money laundering between shareholders and related parties in each business operation and trade activity. During the year, the Group did not note any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the "Prevention of Corruption Act" of Singapore and the Prevention of Bribery Ordinance of Hong Kong.

As spelt out in the Employee Handbook, employees should declare potential conflict of interest to their supervisor or Human Resources Department and abide by the Code of Ethics for employees. Basic standards of expected conducts for all employees are clearly set out in the Anti-Fraud, Anti-Money Laundering Policy. The definition of "Fraud", "Money laundering", "Terrorism Financing" and "Employees" are clearly stated in the above policy. Such policy will be reviewed at least bi-annually and revised as needed. The Director is responsible for the administration, revision, interpretation and application of this policy.

All employees should be alert for occurrences of fraud and be aware that unusual transactions or behaviours could be indications of fraud. Employees will be subjected to disciplinary actions if they are found being engaged in fraudulent activities. Disciplinary actions include termination of an individual, or prosecution to the appropriate law enforcement and/or regulatory agencies for independent investigation, depending on the situation.

An assessment of the risk of money laundering in the Group's operations will be conducted by the Managing Director annually. Due diligence will be conducted by the responsible departments before the acceptance of business counterparties. For any indicators of suspicious activities, the Finance Manager will report to the Audit Committee immediately.

Whistleblowing Mechanism:

In order to further maintain and achieve the highest standards of openness, probity and accountability, the Group has formulated a reporting procedure. While management is responsible for detecting irregularities, employees are also encouraged to report fraudulent activity immediately to the Head of Department, or where that is not possible, to the Director when they discover or suspect such activity.

An Investigative Procedure is also implemented for the coordination for investigations. The Director will be in charge of coordinating all investigations, and they will seek to ensure the investigators have free and unrestricted access to all company records and premises, whether owned or rented. Investigators will have the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

The Group endeavours to protect an individual's identity when they raise an issue and does not want their identity to be disclosed. It should be understood, however, that an investigation of any malpractice may need to identify the source of the information and a statement by the individual may be required as part of the evidence. All details of the investigation must be kept confidential throughout so as to avoid any mistaken accusations and to prevent alerting the suspected individual. All details and results of the investigation will only be shared with individuals on a need-to-know basis.

On a final note, all employees of the Group are required to read through the Employee Handbook which also includes the "anti-corruption policy". The Handbook is also readily available for any employee should they require to refer to it. Any updates to the policy will be monitored by the HR Department and then the update will be circulated to all employees.

3. Community Investment

The Group participates in various community activities to help the disadvantaged in the society via donations. During the year, the Group has donated a total of S$15,000 to the SP Group Charity Golf. However, due to the pandemic, the event was not able to proceed. Consequently, the fund was returned.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Aspect A1: Emissions	General Disclosure	Page 57
	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	
	Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pages 58-61
	Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.	
	Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.	
	Hazardous wastes are those defined by national regulations.	Page 60
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Page 57-61
KPI A1.2 ("comply or explain")	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 58 and 59
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not Applicable, as explained in Page 60
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 60 and 61
KPI A1.5 ("comply or explain")	Description of measures to mitigate emissions and results achieved.	Page 57-61
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Pages 60 and 61

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Aspect A2: Use of resources ("comply or explain")	General Disclosure	Page 61-63
	Policies on the efficient use of resources, including energy, water and other raw materials. *Note:* Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Page 61 and 62
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Page 63
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Page 61-63
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Page 63
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Page 63
Aspect A3: The Environment and Natural Resources	General Disclosure	Page 63
	Policies on minimising the issuer's significant impact on the environment and natural resources.	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Page 63 and 64

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Aspect B1: Employment	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 66 and 67
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Page 65
KPI B1.2	Employee turnover rate by gender, age group and category.	Page 68
Aspect B2: Health and Safety	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to providing a safe working environment and protecting employees from occupational hazards.	Page 69 and 70
KPI B2.1	Number and rate of work related fatalities	Page 70
KPI B2.2	Lost days due to work injury	Page 70
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Page 69 and 70

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note:* Training refers to vocational training. It may include internal and external courses paid by the employer.	Page 70
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Page 71
KPI B3.2	The average training hours completed per employee by gender and employee category.	Page 71
Aspect B4: Labour Standards	General disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to preventing child and forced labour.	Page 71
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Page 71
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Page 71
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain	Page 72

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
KPI B5.1	Number of suppliers by geographical region	Page 72
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Page 72
Aspect B6: Product Responsibility	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Page 73 and 74
KPI B6.1	Percentage of total supplies sold or shipped subject to recalls for safety and health reasons.	Not applicable as there is no such occurrence
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Not applicable as there is no such occurrence
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable as the Group had not registered any trademarks
KPI B6.4	Description of quality assurance process and recall procedures.	Page 73 and 74

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Page 74
Aspect B7: Anti-corruption	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to bribery, extortion, fraud and money laundering.	Page 74 and 75
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Not applicable as there is no such occurrence
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Page 75
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Page 75
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Page 75
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Page 75

Note:

The Company takes a phased approach for our ESG reporting and the adoption of ESG reporting KPIs. We will review the relevance of each KPIs to our operations annually.

INDEPENDENT AUDITOR'S REPORT

LINKSFIELD
CPA LIMITED

To the Shareholders of Trendzon Holdings Group Limited (Formerly known as Pipeline Engineering Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Trendzon Holdings Group Limited (formerly known as "**Pipeline Engineering Holdings Limited**") (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 88 to 160, which comprise:

- the consolidated statement of financial position as at 31 March 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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**") 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 International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 matters identified in our audit is revenue recognition from construction contracts.

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition from construction contracts	
Refer to Note 2.20 and Note 6 to the consolidated financial statements. The Group's revenue from construction contracts is recognised over the period of the contract. For the year ended 31 March 2021, the revenue recognised from construction contracts amounted to S$37,247,000. The revenue was recognised using the 5-step approach under IFRS 15 by identifying the contract with customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations in the contract; and recognising revenue as the entity satisfies a performance obligation over time.	We performed the following procedures in relation to management's estimates of transaction price and contract costs in respect of the revenue recognition: a. We obtained understanding and performed evaluation and validation of the relevant controls in place over preparation of and revisions to the estimated transaction price and total costs for the construction contracts and the recording of actual costs incurred for each contract; b. We selected, on a sample basis, construction contracts to test the total contract value to the contracts, variation orders (if any) and/or other forms of agreements and correspondences; c. We selected, on a sample basis, construction contracts to assess the appropriateness of the significant cost components, based on our understanding on the nature of each project and the components that make up the total estimated construction cost for each project, referencing to actual costs incurred on completed contracts of a similar nature. We also checked supporting documents such as quotations and contracts with suppliers for the estimated cost;

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition from construction contracts (Continued) At the inception of the contract, management determines the transaction price taking into account the variable consideration based on the contract terms. As the contract progresses, management regularly reviews and revises the estimates of transaction price and total contract costs if circumstances change, such as variations in contract work and claims. The changes in estimated transaction price and/or total estimated contract costs result in adjustments to the extent of progress towards completion and revenue recognised in the period when the circumstances that give rise to the revision becomes known by management. We identified the recognition of revenue from construction contracts as a key audit matter as it involves significant estimations and judgment by management on the estimation of transaction price and total contract costs.	d. We tested the actual costs incurred, such as material and subcontractors costs, on a sample basis, to underlying documents, such as the suppliers' invoices and timesheet summary for labour costs, and also checked the calculation of allocation of overheads, such as labour costs and depreciation, to each contract. We also tested subsequent payments made after year end and unpaid invoices in respect of the projects to assess whether management appropriately accounted for the actual costs incurred up to year end. Based on our work, we found that the judgment and estimates adopted by management in determining the estimation of transaction price and total contract costs are supported by available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs 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 are responsible for overseeing the Group's financial reporting process

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Kwok Chi Kan.

Linksfield CPA Limited
Certified Public Accountants

Hong Kong, 29 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year Ended 31 March 2021

	Note	2021 S$'000	2020 S$'000
Revenue	6	43,450	27,284
Cost of sales	9	(33,470)	(22,861)
Gross profit		9,980	4,423
Other income	7	3,017	703
Other (losses)/gains, net	8	(1,420)	654
Administrative expenses	9	(7,152)	(3,864)
Operating profit		4,425	1,916
Finance costs	11	(371)	(63)
Profit before income tax		4,054	1,853
Income tax expense	12	(800)	(285)
Profit for the year		3,254	1,568
Earnings per share for the profit attributable to owners of the Company for the year			
Basic and diluted (Singapore dollars "SGD" in cents)	13	0.35	0.17

The notes on pages 94 to 160 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 March 2021

	Note	**2021** ***S$'000***	2020 *S$'000*
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(1)**	–
Other comprehensive loss for the year		**(1)**	–
Total comprehensive income for the year		**3,253**	1,568

The notes on pages 94 to 160 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 S$'000	2020 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	22,055	8,529
Right-of-use assets	17	3,277	268
Intangible assets	18	9	49
Investment properties	19	–	1,020
Deposits	22	1,563	1,854
		26,904	11,720
Current assets			
Financial assets at fair value through profit or loss	21	882	–
Trade and other receivables	22	20,572	3,596
Contract assets	23	13,564	13,925
Fixed deposits	24(b)	102	100
Cash and cash equivalents	24(a)	11,912	15,619
		47,032	33,240
Total assets		73,936	44,960
EQUITY			
Share capital	26	1,589	1,589
Reserves	27	38,854	35,601
Total equity		40,443	37,190

As at 31 March 2021

	Note	2021 S$'000	2020 S$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*29*	**8,864**	399
Lease liabilities	*17*	**3,061**	–
Deferred income tax liabilities	*25*	**813**	1,077
		12,738	1,476
Current liabilities			
Trade and other payables	*28*	**8,269**	4,026
Contract liabilities	*23*	**–**	447
Borrowings	*29*	**10,875**	861
Lease liabilities	*17*	**243**	268
Current income tax liabilities		**1,368**	692
		20,755	6,294
Total liabilities		**33,493**	7,770
Total equity and liabilities		**73,936**	44,960

The consolidated financial statements on pages 88 to 160 were approved by the Board of Directors on 29 June 2021 and were signed on its behalf by:

Director *Director*

The notes on pages 94 to 160 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2021

	Share capital *S$'000*	Share premium *S$'000*	Merger reserve *S$'000*	Retained earnings *S$'000*	Exchange reserve *S$'000*	Total *S$'000*
As at 1 April 2019	1,589	17,138	1,500	15,395	–	35,622
Profit for the year	–	–	–	1,568	–	1,568
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	1,568	–	1,568
At 31 March and 1 April 2020	1,589	17,138	1,500	16,963	–	37,190
Profit for the year	–	–	–	3,254	–	3,254
Other comprehensive loss for the year	–	–	–	–	(1)	(1)
Total comprehensive income for the year	–	–	–	3,254	(1)	3,253
At 31 March 2021	1,589	17,138	1,500	20,217	(1)	40,443

The notes on pages 94 to 160 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 S$'000	2020 S$'000
Cash flows from operating activities			
Cash (used in)/generated from operating activities	30(a)	(833)	411
Interest received		5	174
Income tax paid		(388)	(569)
Net cash (used in)/generated from operating activities		(1,216)	16
Cash flows from investing activities			
Purchase of property, plant and equipment		(17,181)	(289)
Proceeds from disposal of property, plant and equipment	30(c)	75	42
Purchase of intangible assets	18	–	(11)
Purchase of financial assets at fair value through profit or loss		(2,861)	–
Proceeds from disposal of financial assets at fair value through profit or loss		2,012	–
Net cash inflow from acquisition of a subsidiary	33	73	–
Addition in fixed deposit		(2)	–
Net cash used in investing activities		(17,884)	(258)
Cash flows from financing activities			
Repayment of obligation under hire purchase liabilities		(1,101)	(1,316)
Repayment of term loans		(890)	(2,101)
Proceeds from draw down of term loans		11,634	–
Repayment of other borrowings		(4,864)	–
Proceeds from drawdown of other borrowings		4,307	–
Proceeds from issuance of bonds		6,848	–
Principal elements of lease payments		(335)	(502)
Interest paid		(190)	(63)
Net cash generated from/(used in) financing activities		15,409	(3,982)
Net decrease in cash and cash equivalents		(3,691)	(4,224)
Cash and cash equivalents at the beginning of the year		15,619	19,843
Effect of foreign exchange rate changes		(16)	–
Cash and cash equivalents at the end of the year	24(a)	11,912	15,619

The notes on pages 94 to 160 form an integral part of these consolidated financial statements.

1 General information

The Company was incorporated on 17 July 2018 in the Cayman Islands as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961 as consolidated and revised) (now known as the Companies Act (2021 Revision)) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Main Board**") on 27 March 2019.

The Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1–1111, Cayman Islands. The principal place of business in Singapore is 36 Sungei Kadut Avenue, Singapore 729661. The principal place of business in Hong Kong is 23/F, Central 88, 88-89 Des Voeux Road Central, Hong Kong. The consolidated financial statements are presented in thousands of units of Singapore dollars ("**S$'000**"), unless otherwise stated.

The Company is an investment holding company. The Group is principally engaged in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services, and trading of building materials.

The consolidated financial statements have been approved by the Board of Directors on 29 June 2021.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets measured at fair value through profit or loss, which are carried at fair values.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) New and amended standards adopted by the Group

The Group has applied the following new and amendments to IFRSs and new interpretation issued by the IASB for the first time in the current year:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

The following new standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to IFRS 16	Covid-19-related rent concessions	1 June 2020
IAS 39, IFRS 4, IFRS 7, IFRS 9, and IFRS 16 (Amendments)	Interest rate benchmark reform – phase 2	1 April 2021
Annual Improvements Project (Amendments)	Annual improvements 2018–2020 cycle	1 April 2022
Accounting Guideline 5 (Revised)	Revised accounting guideline 5 – Merger accounting for common control combination	1 April 2022
IFRS 3, IAS 16 and IAS 37 (Amendments)	Narrow-scope amendments	1 April 2022
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 April 2023
IFRS 17	Insurance Contracts	1 April 2023
IFRS 17 (Amendments)	Amendments to IFRS 17	1 April 2023
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) New standards and interpretations not yet adopted (Continued)

The directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards, amendments to existing standards, interpretations and accounting guideline. These standards and amendments are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards, amendments to existing standards interpretations and accounting guideline when they become effective.

2.2 Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.1 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

2 Summary of significant accounting policies (Continued)

2.2 Principles of consolidation (Continued)

2.2.1 Business combination (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any noncontrolling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in consolidated statement of profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated statement of profit or loss.

2 Summary of significant accounting policies (Continued)

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements of the Company. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amount of the investments in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Singapore dollars (S$), which is the Group's presentation and Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss. Foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2 Summary of significant accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Intangible assets

Acquired computer software licenses are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to consolidated statement of profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets are reviewed at least at the end of each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2 Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

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

– Leasehold improvements	over the shorter of remaining lease term or 5 years
– Leasehold property	over the shorter of remaining lease term or 9 years
– Plant and machinery	5 to 10 years
– Furniture and office equipment	3 to 10 years
– Motor vehicles	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses), net" in the consolidated statement of profit or loss.

2.7 Investment properties

Investment properties include leasehold building that is held for long term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation.

Investment properties is initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in the profit or loss.

2 Summary of significant accounting policies (Continued)

2.7 Investment properties (Continued)

Investment properties is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties is derecognised when either they have been disposed of or when the investment properties is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or inception of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Investments and other financial assets

2.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2 Summary of significant accounting policies (Continued)

2.9 Investments and other financial assets (Continued)

2.9.1 Classification (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

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

2.9.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.9.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other gains/(losses), net" in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 Summary of significant accounting policies (Continued)

2.9 Investments and other financial assets (Continued)

2.9.4 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group applies the general approach in IFRS 9 to measure the expected credit losses, which uses a three-stage model to calculate the loss allowances. According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the expected credit losses by three stages:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Assessment of significant increase in credit risk

Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date with the risk of default at origination (after considering the passage of time). 'Significant' does not mean statistically significant nor is it reflective of the extent of the impact on the Group's financial statements. Whether a change in the risk of default is significant or not is assessed using quantitative and qualitative criteria, e.g. payment being past due by more than 30 days.

Assessment of credit-impaired

Credit-impaired financial assets comprise those assets that have experienced an observed credit event and are in default. Default represents those assets that are at least 90 days past due in respect of principal and interest payments and/or where the assets are otherwise considered unlikely to pay, such as bankruptcy, fraud or death. This definition is consistent with internal credit risk management and the regulatory definition of default.

2 Summary of significant accounting policies (Continued)

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Group or the counterparty.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

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

2 Summary of significant accounting policies (Continued)

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement profit or loss and other comprehensive income as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the financial year.

2.16 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2 Summary of significant accounting policies (Continued)

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

Current income tax for current and prior periods is recognised at the amount expected be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the consolidated statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the financial year period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (Continued)

2.17 Current and deferred income tax (Continued)

(iii) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

2.18 Employee benefits

(i) Retirement benefit costs

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore (the "**CPF**") and the Mandatory Provident Fund retirement benefit scheme in Hong Kong (the "**MPF Scheme**") on a mandatory, contractual or voluntary basis. A defined contribution plan defines the benefits that the employee will receive at the time of retirement in which the Group makes contribution to meet the costs of benefits defined in the plan. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. The Group has no further legal or constructive payment obligations once the contributions have been paid. Payments made to the CPF in Singapore and the MPF in Hong Kong which are a defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The employees of the Group's subsidiaries which operate in the People's Republic of China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

No forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) will be used by the Group to reduce the existing level of contributions under the CPF, the MPF and the central pension scheme operated by the local municipal government in the People's Republic of China.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the consolidated statement of financial position date.

2 Summary of significant accounting policies (Continued)

2.19 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;

- creates or enhances an asset that the customer controls as the Group performs; or

- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service. Specific criteria where revenue is recognised with the 5-step approach under IFRS 15 are described below.

2 Summary of significant accounting policies (Continued)

2.20 Revenue recognition (Continued)

(a) Revenue from construction contract

Identifying the contracts with customer

The Group is a main contractor specialising in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries in Singapore. A contract with a customer is classified by the Group as a construction contract when the contract relates to work on assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

The Group has primary responsible to fulfilment of the contract due to the integration of construction works that the Group assumes primary responsibility for the quality management and completion, and has discretion in selecting subcontractors and discretion of the pricing for subcontractor.

Identifying the performance obligations in the contract

The Group has to identify the performance obligations in contract. A performance obligation is a promise in a contract to transfer a good or service to a customer. Generally, an infrastructural pipeline construction contract will provide a significant integration services including purchase of materials, arrangement of subcontractor and labour for the provision of construction services and the good and services within the contract will be highly dependent on or highly integrated with other goods or services. As such, different elements of a construction contract are accounted as a single performance obligation. The Group treated all of the construction contracts as a single performance obligation as the construction works are not capable of being distinct.

Determining the transaction price and allocating the transaction price to the performance obligations in the contract

When determining the transaction price at the inception of the contract, the Group takes into account the variable consideration based on the contract terms and considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group assessed that the there is no significant financing component in construction contracts as the payment schedule commensurates closely to Group's performance. Therefore, transaction price is not adjusted for any financing component.

2 Summary of significant accounting policies (Continued)

2.20 Revenue recognition (Continued)

(a) Revenue from construction contract (Continued)

Recognising revenue as the entity satisfies a performance obligation over time

Under IFRS 15, revenue is recognised when, or as, performance obligations are satisfied through transfer of control of goods or services to a customer. A performance obligation is satisfied over time when at least one of the following three criteria is met: (1) The customer receives and consumes the benefits provided by the Group's performance as the Group performs; (2) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; (3) the Group's performance does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group recognises the revenue over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The Group recognised the revenue from the contract progressively over time using the input method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in estimating contract transaction prices, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The contractual penalties, or liquidated damages and modification of contracts are treated as variable consideration under IFRS 15 and the amounts are included in revenue to the extent that it is highly probable that contract revenue will not reverse. The Group undertakes continuing reassessment for variable considerations.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

There is generally no material cost of obtaining contracts of the Group.

2 Summary of significant accounting policies (Continued)

2.20 Revenue recognition (Continued)

(a) *Revenue from construction contract* (Continued)

Recognising revenue as the entity satisfies a performance obligation over time (Continued)

A contract asset is recognised when the amount of revenue recognised is more than the amount received but without unconditional right to receive payment (receivable). Contract assets are assessed for expected credit losses ("**ECL**") model and are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. The Group recognises contract liabilities when the Group received consideration arising from initial deposit, progress and final payment were received or has right to receive such payments before the Group transfers a good or service to the customer. In such cases, a corresponding receivable would also be recognised. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Retention receivables are settled in accordance with the terms of the respective contracts. Retention receivables are classified as contract assets when the portion is related to the uncompleted contracts. All the retention receivables during the financial year are related to the uncompleted contracts.

(b) *Revenue from trading of building materials*

Revenues are recognised when control of the goods has been transferred, being when the goods are delivered to the customers, the customers have full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customers' acceptance of the goods. Delivery occurs when the goods have been shipped to the location specified by customer, the risks of obsolescence and loss have been transferred to the customers, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue is shown net of value-added tax, returns, claims and discounts and after eliminating sales within the Group.

(c) *Interest income*

Interest income is recognised using the effective interest method.

2 Summary of significant accounting policies (Continued)

2.21 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.22 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received and makes any adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 Summary of significant accounting policies (Continued)

2.22 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- prepayment, and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of premises and all leases of low-valued assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Where the Group is lessor

Operating leases:

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's finance statements in the period in which dividends are approved by the Company's shareholders or directors, where appropriate.

2.24 Government grants

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

Government grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

2 Summary of significant accounting policies (Continued)

2.25 Contingent liabilities

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence and non-occurrence of one or more uncertain future events not wholly within the control of the Group.

(b) A present obligation that arises from past events but is not recognised because:

(i) It is not probably that an outflow of resources embodying economic benefit will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the consolidated statement of financial position of the Group.

3 Financial risk management

The Group's activities expose it to credit risk, market risk (including foreign exchange, interest rate and equity price risks) and liquidity risk. The Group's overall risk management programme focuses on the analysis, evaluation, acceptance and monitoring of such risks which are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effect on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group operates in Singapore, Hong Kong, and the People's Republic of China (the "**PRC**"). The majority of the transactions at each location are settled in the respective local currencies, namely Singapore dollars ("**SGD**"), Hong Kong dollar ("**HKD**"), and Renminbi ("**RMB**").

3 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Management closely monitors foreign currency exchange exposure and will take measures to minimise the currency translation risk. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure.

Sensitivity

The Group is primarily exposed to changes in HK$/S$ exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from HK$/S$ denominated financial instruments.

As at 31 March 2021

Net liabilities denominated in:	**Change in exchange rate** ***+/– in %***	**Impact on post-tax profit** ***–/+ S$'000***
– HKD	**4%**	**248**

As at 31 March 2020

Net assets denominated in:	Change in exchange rate *+/– in %*	Impact on post-tax profit *+/– S$'000*
– HKD	2%	14

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

The Group's interest-bearing assets and liabilities are cash at bank, fixed deposit, and borrowings.

3 Financial risk management (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

In the opinions of the directors, the interest income derived from the bank balance is insignificant and the Group's income and operating cash flows are substantially independent of changes in market interest rates. Accordingly, no sensitivity analysis is performed.

As at 31 March 2021, fixed deposits and borrowings bore fixed interest rates and therefore, they are exposed to fair value interest rate risk. Accordingly, no sensitivity analysis is performed.

As at 31 March 2020, if interest rates on bank borrowings with variable rates had been 100 basis points fluctuated with all other variables held constant, the Group's post-tax profit for the year ended 31 March 2020 would have been affected by S$3,000.

(iii) Price risk

The Group's equity investments are exposed to price risk including currency translation difference as they are classified as fair value through profit or loss. The Group's financial assets at fair value through profit or loss of S$882,000 (2020: Nil) are listed equities investment and classified as level 1 in the fair value hierarchy. Should the fair value increase/decrease by 23% with all other variables held constant, the post-tax profit would have been S$201,000 higher/lower (2020: Nil). To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio and maintains a portfolio of investments with different risk profiles.

(b) Credit risk

Credit risk refer to the risk that the counter-party will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash at banks, trade and other receivables and fixed deposits. For trade receivables, the Group adopts policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counter-parties.

Majority of bank balances and fixed deposits are deposited with reputable banks. Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Therefore, these balances are not impaired.

3 Financial risk management (Continued)

(b) Credit risk (Continued)

Credit exposure to an individual counter-party is restricted by credit limits that are approved by the directors based on on-going credit evaluation. The counter-party's payment profile and credit exposure are continuously monitored by the directors of the Group. The Group has assessed that there are no credit risk arising from its other receivables.

The Group adopted general approach for expected credit loss of other receivables. The Group considered these financial assets have not significantly increased in credit risk from initial recognition. Thus, these financial assets are classified in stage one and only considered 12-month expected credit losses. Considering the history of default and forward-looking factor, the expected credit loss is immaterial.

For trade receivables and contract assets, the Group is exposed to concentration of credit risk as at 31 March 2021 from the Group's top five customers accounted for 97% (2020: 96%) of the total trade receivables balance. The major customers of the Group are reputable organisations which comprise mainly gas, water, telecommunications and power utility companies in the private sector; and Singapore government agencies such as those governing water utility and catchment in the public sector. Management considers that the credit risk is limited in this regard.

The Group uses IFRS 9 simplified approach for measuring the expected credit losses, which use a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the invoice date.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2021 and 31 March 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it renders services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

According to above mentioned consideration, the Group does not expect any significant default possibility and loss allowance of trade receivables and contract assets are immaterial.

3 Financial risk management (Continued)

(b) Credit risk (Continued)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 12 months past due.

Impairment losses on trade and other receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Details of the loss allowance on each category of financial assets measured at amortised cost are as follows:

As at 31 March 2021

Contract assets:	**Non-credit-impaired** ***S$'000***	**Credit-impaired** ***S$'000***	**Total** ***S$'000***
Gross carrying amount	**13,564**	**–**	**13,564**
Loss allowance	**–**	**–**	**–**
Net carrying amount	**13,564**	**–**	**13,564**
Expected loss rate	**0%**	**–**	**0%**

As at 31 March 2020

Contract assets:	Non-credit-impaired *S$'000*	Credit-impaired *S$'000*	Total *S$'000*
Gross carrying amount	13,925	–	13,925
Loss allowance	–	–	–
Net carrying amount	13,925	–	13,925
Expected loss rate	0%	–	0%

3 Financial risk management (Continued)

(b) Credit risk (Continued)

Details of the loss allowance on each category of financial assets measured at amortised cost are as follows:

As at 31 March 2021

Trade receivables:	**Non-credit-impaired** *S$'000*	**Credit-impaired** *S$'000*	**Total** *S$'000*
Gross carrying amount	**7,977**	**–**	**7,977**
Loss allowance	**–**	**–**	**–**
Net carrying amount	**7,977**	**–**	**7,977**
Expected loss rate	**0%**	**–**	**0%**

As at 31 March 2020

Trade receivables:	Non-credit-impaired *S$'000*	Credit-impaired *S$'000*	Total *S$'000*
Gross carrying amount	2,949	–	2,949
Loss allowance	–	–	–
Net carrying amount	2,949	–	2,949
Expected loss rate	0%	–	0%

3 Financial risk management (Continued)

(b) Credit risk (Continued)

Details of the loss allowance on each category of financial assets measured at amortised cost are as follows:

As at 31 March 2021

Other financial assets measured at amortised cost, excluding cash at banks and fixed deposits:	**Stage 1** *S$'000*	**Stage 2** *S$'000*	**Stage 3** *S$'000*	**Total** *S$'000*
Gross carrying amount	**4,760**	**–**	**–**	**4,760**
Loss allowance	**–**	**–**	**–**	**–**
Net carrying amount	**4,760**	**–**	**–**	**4,760**
Expected loss rate	**0%**	**–**	**–**	**0%**

As at 31 March 2020

Other financial assets measured at amortised cost, excluding cash at banks and fixed deposits:	Stage 1 *S$'000*	Stage 2 *S$'000*	Stage 3 *S$'000*	Total *S$'000*
Gross carrying amount	2,044	–	–	2,044
Loss allowance	–	–	–	–
Net carrying amount	2,044	–	–	2,044
Expected loss rate	0%	–	–	0%

There is no movement in the provision for loss allowance during the year ended 31 March 2021 (2020: nil).

3 Financial risk management (Continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents which are generated from internal operations, funding from the group companies and having adequate amount of committed credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 March 2021	**Repayable on demand** ***S$'000***	**Less than 1 year** ***S$'000***	**2 to 5 years** ***S$'000***	**Over 5 years** ***S$'000***	**Total** ***S$'000***
Borrowings	**–**	**11,546**	**7,102**	**2,597**	**21,245**
Lease liabilities	**–**	**308**	**795**	**3,040**	**4,143**
Trade and other payables	**–**	**8,259**	**–**	**–**	**8,259**
	–	**20,113**	**7,897**	**5,637**	**33,647**

As at 31 March 2020	Repayable on demand *S$'000*	Less than 1 year *S$'000*	2 to 5 years *S$'000*	Over 5 years *S$'000*	Total *S$'000*
Bank borrowings	–	885	406	–	1,291
Lease liabilities	–	270	–	–	270
Trade and other payables	–	3,612	–	–	3,612
	–	4,767	406	–	5,173

3 Financial risk management (Continued)

(d) Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value at year end.

	Level 1	**Level 2**	**Level 3**
	S$'000	***S$'000***	***S$'000***
As at 31 March 2021			
Financial assets at fair value through profit or loss	**882**	**–**	**–**

	Level 1	Level 2	Level 3
	S$'000	*S$'000*	*S$'000*
As at 31 March 2020			
Investment properties	–	–	1,020

During the year, there was no significant transfers between Level 1 and Level 2.

The directors of the Group consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Valuation techniques used to determine fair values

At the end of each reporting period, the directors update their assessment of the fair value of the investments, taking into account the most recent independent valuations. The directors determine the values of the investments within a range of reasonable fair value estimates.

3 Financial risk management (Continued)

(d) Fair value estimation (Continued)

Valuation techniques used to determine fair values (Continued)

The best evidence of fair value is current prices in an active market for similar investments. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for investments of different nature or recent prices of similar investments in less active markets, adjusted to reflect those differences.
- discounted cash flow projections based on reliable estimates of future cash flows.
- capitalised income projections based upon an investment's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 March 2021 and 2020 for recurring fair value measurements:

	2021	2020
	S$'000	*S$'000*
At the beginning of the year	**1,020**	1,020
Addition	**14,300**	–
Fair value changes	**(770)**	–
Transfer to property, plant and equipment	**(14,550)**	–
At the end of the year	**–**	1,020
Unrealised losses recognised in consolidated statement of profit or loss	**(770)**	–

The table below sets out information about significant inputs used at year end in measuring financial instruments categorised as level 3 in the fair value hierarchy.

As at 31 March 2020

	Exposure ***S$'000***	**Valuation techniques**	**Significant unobservable input**	**Range**
Investment properties	1,020	Direct comparison method	Unit rate	S$5,100 per square meter

3 Financial risk management (Continued)

(e) Capital risk management

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The gearing ratio is calculated as total debt divided by total equity. Total debt is calculated as the sum of borrowings and lease liabilities. The Group manages its gearing ratio by regularly monitoring its current and expected liquidity requirement and adjusting its the capital structure to reflect the change in economic conditions affecting the Group.

The gearing ratios as at 31 March 2021 and 2020 were as follows:

	2021	2020
	S$'000	*S$'000*
Total borrowings and lease liabilities	**23,043**	1,528
Total equity	**40,443**	37,190
Gearing ratio	**57.0%**	4.1%

The gearing ratio increased from 4.1% to 57.0% resulted from addition in borrowings during the year.

A subsidiary of the Company has borrowing that is subject to covenant relating to a loan of a loan-to-value ratio below 60% and 80% for 2 properties (2020: 80% for 1 property), and to maintain a consolidated net worth of not less than S$14 million (2020: S$10 million). The loan-to-value ratio refers to the ratio of loan amount over the market value of a leasehold property. Net worth is defined as the sum of the subsidiary's paid-up capital and retained profits.

The directors of the Company confirmed that they had neither experienced any difficulties in obtaining or repaying the loan, nor breached any major covenant in this regard.

4 Critical accounting estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Revenue recognition from construction contracts

The Group recognised revenue based on the estimated stage of completion of the contracts according to the contract costs incurred to date compared to the estimated total cost for the contract. Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise subcontractor cost, material cost and labour cost are estimated by the management on the basis of quotations from time to time provided by the major subcontractors and suppliers and the historical experience on similar projects.

As the contract progresses, management regularly reviews and revises the estimates of transaction price and total contract costs if circumstances change, such as variations in contract work and claims. The changes in estimated transaction price and/or total estimated contract costs result in adjustments to the extent of progress towards completion and revenue recognised in the period when the circumstances that give rise to the revision becomes known by management. Significant judgment is used to estimate total contract costs to complete. The actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

As at 31 March 2021, approximately S$1,370,000 of the Group's contract assets is subject to the estimation of progress towards completion using the input method. If the total contract cost of on-going contracts to be incurred had been higher/lower by 5% from management's estimates, the Group's revenue and contract assets would have been lower/higher by S$280,000 and S$69,000 respectively. If the total contract costs of on-going contracts to be incurred had been higher by 5% from management's estimates additional provision for onerous contract of S$507,000 would have been recognised.

(ii) Income and deferred income taxation

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current tax and deferred tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 Segment information

The Company's executive directors monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors consider the segment from a business perspective. The Group has two (2020: one) operating segments that qualify as reporting segment under IFRS 8 and the information that is regularly reviewed by the executive directors for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group.

The executive directors assess the performance based on a measure of profit before income tax, and consider all businesses are included in the two segments.

	Segment revenue		Segment results	
	2021	2020	**2021**	2020
	S$'000	*S$'000*	***S$'000***	*S$'000*
Construction contracts	**37,247**	27,284	**9,135**	4,423
Trading of building materials	**6,203**	–	**845**	–
Total segment	**43,450**	27,284	**9,980**	4,423
Other income			**3,017**	703
Other (losses)/gains, net			**(1,420)**	654
Administrative expenses			**(7,152)**	(3,864)
Finance costs			**(371)**	(63)
Profit before income tax			**4,054**	1,853

Revenue reported in Note 6 below represented transactions with third parties and are reported to the executive directors in a manner consistent with that in the consolidated statement of profit or loss.

For the year ended 31 March 2021, there was one customer (2020: two) which individually contributed over 10% of the Group's total revenue. During the years ended 31 March 2021 and 2020, the revenue contributed from each of these customers was as follows:

	2021	2020
	S$'000	*S$'000*
Customer A	**31,392**	19,809
Customer B	**N/A**	3,089

5 Segment information (Continued)

As at 31 March 2021, the total assets in the construction contracts segment and trading of building materials segment were S$54,633,000 and S$17,008,000 respectively (2020: S$38,896,000 in construction contracts segment and nil in trading of building materials segments).

As at 31 March 2021, the total non-current assets other than deposits in Singapore and Hong Kong were S$24,774,000 and S$567,000 respectively (2020: S$9,866,000 in Singapore and nil in Hong Kong).

6 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

	2021 S$'000	2020 S$'000
Revenue from construction contracts		
Construction contracts relating to:		
– Gas	35,424	21,414
– Water	1,761	5,729
– Cable	62	141
	37,247	27,284
Revenue from trading of building materials		
Building materials	6,203	–
Total	43,450	27,284

	2021 S$'000	2020 S$'000
Revenue from contracts with customers within the scope of IFRS 15:		
Recognised overtime		
– Revenue from construction contracts	37,247	27,284
Recognised at a point in time		
– Revenue from trading of building materials	6,203	–
	43,450	27,284

6 Revenue from contracts with customers (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 March 2021		
	Revenue from construction contracts S$'000	Revenue from trading of building materials S$'000	Total S$'000
Geographical markets:			
– Singapore	37,247	–	37,247
– Hong Kong	–	6,203	6,203
	37,247	6,203	43,450

	For the year ended 31 March 2020		
	Revenue from construction contracts S$'000	Revenue from trading of building materials S$'000	Total S$'000
Geographical markets:			
– Singapore	27,284	–	27,284
	27,284	–	27,284

(b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2021 S$'000	2020 S$'000
Total contract assets:		
– Construction contracts	13,564	13,925
Total contract liabilities:		
– Construction contracts	–	(447)

Contract assets are related to fixed price specialised pipeline construction contracts. The contract assets balance decreased as there were less services provided ahead of the agreed payment schedules as at 31 March 2021.

No contract liabilities for specialised pipeline construction contracts were recognised as at year end as there was no prepayment for the contract activities at year end.

6 Revenue from contracts with customers (Continued)

(c) Unsatisfied performance obligation

The following table shows unsatisfied performance obligations resulting from contracts and when the Group expects to recognise as revenue:

	31 March 2021		
	Revenue from construction contracts *S$'000*	**Revenue from trading of building materials** *S$'000*	**Total** *S$'000*
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied:			
– Within 1 year after financial year	**34,064**	**–**	**34,064**
– Between 2 to 5 years after financial year	**16,847**	**–**	**16,847**
– More than 5 years after financial year	**5,938**	**–**	**5,938**
	56,849	**–**	**56,849**

	31 March 2020		
	Revenue from construction contracts *S$'000*	Revenue from trading of building materials *S$'000*	Total *S$'000*
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied:			
– Within 1 year after financial year	16,393	–	16,393
– Between 1 to 2 years after financial year	1,140	–	1,140
– More than 2 years after financial year	10	–	10
	17,543	–	17,543

6 Revenue from contracts with customers (Continued)

(d) Trade receivables from contracts with customers

	2021 S$'000	2020 S$'000
Total contract assets:		
– Construction contracts	**4,229**	2,949
– Trading of building materials	**3,748**	–
	7,977	2,949

7 Other income

	2021 S$'000	2020 S$'000
Rental income	**133**	33
Interest income	**5**	174
Government grants	**2,125**	86
Insurance claims	**79**	34
Others	**675**	376
	3,017	703

8 Other (losses)/gains, net

	2021 S$'000	2020 S$'000
Unrealised gains on fair value change on financial assets at fair value through profit or loss	**15**	–
Realised gains on disposal of financial assets at fair value through profit or loss	**19**	–
Gains on disposal of property, plant, and equipment	**5**	–
Written off of property, plant, and equipment	**(522)**	–
Unrealised losses on fair value changes in investment properties	**(770)**	–
Foreign exchange (losses)/gains	**(167)**	654
	(1,420)	654

9 Expenses by nature

	2021 S$'000	2020 S$'000
Material costs under construction operation	7,400	5,660
Cost of building materials sold	5,358	–
Subcontractor costs	4,189	3,891
Transportation costs	402	429
Auditor's remuneration		
– Audit services	183	185
– Non-audit services	–	5
Entertainment expenses	31	38
Rental expenses	957	437
Depreciation of property, plant and equipment *(Note 16)*	3,313	2,027
Amortisation of intangible asset *(Note 18)*	40	39
Depreciation of right-of-use assets *(Note 17)*	362	489
Professional fees	1,632	426
Vehicle-related expenses	771	913
Repair and maintenance expenses	389	786
Employee benefit costs *(Note 10)*	11,329	10,185
Insurance expenses	214	21
Project application fee	1,723	–
Stamp duties	424	–
Other expenses	1,905	1,194
Total cost of sales and administrative expense	40,622	26,725

10 Employee benefit costs, including directors' emoluments

	2021 S$'000	2020 S$'000
Wages and salaries	10,930	9,829
Employer's contribution to defined contribution plans	399	356
	11,329	10,185

10 Employee benefit costs, including directors' emoluments (Continued)

(a) Benefits and interest of directors

(i) Directors' emoluments

The remuneration of every director for the years ended 31 March 2021 and 2020 are set out below:

	Fees *S$'000*	Salaries, allowances, and benefits in kind *S$'000*	Employer's contribution to defined contribution plans *S$'000*	Discretionary bonuses *S$'000*	Total *S$'000*
For the year ended 31 March 2021					
Executive directors					
Mr. Michael Shi Guan Wah (Joint Chairman & CEO)	–	336	18	300	654
Ms. Feng Jiamin (Joint Chairman) *(Note i)*	–	33	–	–	33
Mr. Shi Guan Lee *(Note ii)*	–	206	16	150	372
Mr. Shi Hong Sheng *(Note ii)*	–	192	20	1,566	1,778
Mr. Lok Ka Ho *(Note iii)*	–	–	–	–	–
Independent non-executive directors					
Mr. Cher Choong Kiak	40	–	–	–	40
Mr. Chiam Soon Chian (Zhan Shunquan)	40	–	–	–	40
Mr. Choo Chih Chien Benjamin	40	–	–	–	40
Mr. Shek Jun Chong *(Note iii)*	4	–	–	–	4
Mr. Qiu Yue *(Note iii)*	4	–	–	–	4
Mr. Tong Wing Chi *(Note iii)*	11	–	–	–	11
	139	767	54	2,016	2,976

Note i: Ms. Feng Jiamin was redesignated as executive director of the Company on 21 September 2020 and was appointed as Joint Chairman on 30 October 2020.

Note ii: Mr. Shi Guan Lee and Mr. Shi Hong Sheng resigned as an executive director of the Company on 21 September 2020 and 11 November 2020, respectively.

Note iii: Mr. Tong Wing Chi was appointed as an independent non-executive director of the Company on 21 September 2020 while Mr. Lok Ka Ho was appointed as an executive director of the Company on 11 November 2020 and each of Mr. Shek Jun Chong and Mr. Qiu Yue was appointed as an independent non-executive director of the Company on 11 November 2020.

10 Employee benefit costs, including directors' emoluments (Continued)

(a) Benefits and interest of directors (Continued)

(i) ***Directors' emoluments*** (Continued)

The remuneration of every director for the years ended 31 March 2021 and 2020 are set out below:

	Fees *S$'000*	Salaries, allowances, and benefits in kind *S$'000*	Employer's contribution to defined contribution plans *S$'000*	Discretionary bonuses *S$'000*	Total *S$'000*
For the year ended 31 March 2020					
Executive directors					
Mr. Michael Shi Guan Wah *(Chairman & CEO)*	–	252	13	150	415
Mr. Shi Guan Lee	–	211	13	75	299
Mr. Shi Hong Sheng	–	144	16	75	235
Non-executive directors					
Ms. Feng Jiamin *(Note (iii))*	–	–	–	–	–
Independent non-executive directors					
Mr. Cher Choong Kiak	40	–	–	–	40
Mr. Chiam Soon Chian (Zhan Shunquan)	40	–	–	–	40
Mr. Choo Chih Chien Benjamin	40	–	–	–	40
	120	607	42	300	1,069

Note iii: Ms. Feng Jiamin was appointed as non-executive director of the Company on 27 September 2019.

There was no arrangement under which a director has waived or agreed to waive any emolument during the year.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Company or Operating Subsidiaries and no directors waived or agreed to waive any emolument during each of the years ended 31 March 2021 and 2020.

10 Employee benefit costs, including directors' emoluments (Continued)

(a) Benefits and interest of directors (Continued)

(ii) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the year ended 31 March 2021 (2020: Nil).

No payment was made to the directors as compensation for early termination of the appointment during the year ended 31 March 2021 (2020: Nil).

(iii) Consideration provided to third parties for making available directors' services

No payment was made to any former employers of the directors for making available the services of them as a director of the Company during the year ended 31 March 2021 (2020: Nil).

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in Note 32(b), there were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 March 2021 (2020: Nil).

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

Save as disclosed in the Note 32(b), no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2021 (2020: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include three directors respectively, whose emoluments were reflected in the analysis presented in Note 10(a) during the year ended 31 March 2021 (2020: three). The emoluments paid/payable to the remaining include two individuals (2020: two) are as follows:

	2021 S$'000	2020 S$'000
Wages and salaries	168	201
Bonuses	600	86
Employer's contribution to defined contribution plans	20	33
	788	320

10 Employee benefit costs, including directors' emoluments (Continued)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
Emolument band		
HK$0 to HK$1,000,000	**–**	2
HK$1,000,001 to HK$1,500,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–
	2	2

No directors or any of the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or compensation for loss of office.

11 Finance costs

	2021 *S$'000*	2020 *S$'000*
Hire purchase liabilities	**30**	40
Lease liabilities	**48**	12
Term loan	**218**	11
Bonds	**75**	–
	371	63

12 Income tax expense

Tax for group company incorporated in Singapore has been provided at the applicable Singapore statutory corporate tax rate of 17% (2020: 17%) on the estimated assessable profit during the financial year. Companies within the Group that are incorporated in the Cayman Islands and the British Virgin Island ("**BVI**") are not subject to any income tax. The applicable tax rates for group company incorporated in Hong Kong is 8.25% on the first HK$2,000,000 of assessable profit and 16.5% on the remaining. The applicable tax rate for group company incorporated in the PRC is 25%. No overseas taxes were provided as no assessable profit were derived in overseas companies.

12 Income tax expense (Continued)

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	2021 **S$'000**	2020 S$'000
Singapore profits tax		
Current year	**1,138**	413
Over-provision in prior years	**(74)**	(61)
	1,064	352
Deferred income tax *(Note 25)*	**(264)**	(67)
	800	285

The tax on the profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2021 **S$'000**	2020 S$'000
Profit before income tax	**4,054**	1,853
Calculated at a taxation rate of 17% (2020: 17%)	**689**	315
Tax effect of different tax rate in other jurisdictions	**(7)**	–
Income not subject to tax	**(189)**	–
Expense not deductible	**266**	68
Tax losses not recognised	**21**	–
Tax incentive	**–**	(7)
Partial tax exemption	**(17)**	(17)
Over-provision in prior years	**(74)**	(61)
Others	**111**	(13)
	800	285

12 Income tax expense (Continued)

Notes:

(i) Tax incentives related to tax deductible deduction on Approved Donations which allows entities to claim 2.5 times tax deduction on the approved donations.

(ii) Partial tax exemption relates tax exemption of 75% on the first S$10,000 of normal chargeable income and a further 50% of tax exemption on the next S$190,000 of normal chargeable income during the financial year ended 2020 (2019: tax exemption of 75% on the first S$10,000 of normal chargeable income and a further 50% of tax exemption on the next S$290,000 of normal chargeable income).

(iii) Tax rebates relate to tax reduction to tax payable capped S$10,000 for financial year ended 2019 for each Singapore incorporated entity.

(iv) Unrecongised tax losses of S$84,000 are derived from the PRC and are available to offset future profit. The directors are of the opinion that the tax losses can not be utilised and therefore, no deferred tax assets were recognised. The tax losses will expire in 2023.

13 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2021 ***S$'000***	2020 *S$'000*
Profit attributable to owners of the Company	**3,254**	1,568
Weighted average number of ordinary shares in issue *(thousands)*	**920,000**	920,000
Basic earnings per share *(Singapore cents)*	**0.35**	0.17

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

(b) Diluted

For the years ended 31 March 2021 and 2020, diluted earnings per share is the same as basic earnings per share as there was no potential dilutive ordinary shares.

14 Dividends

The directors have resolved not to declare any dividend for the year ended 31 March 2021 (2020: Nil).

15 Subsidiaries

Details of the principal subsidiaries of the Company as at 31 March 2021 and 2020 are as follows. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiaries	Place and date of incorporation	Particulars of share capital	Equity interest attributable to the Group 2021	2020	Principal activities
Directly held by the Company:					
Integral Virtue Limited ("**IVL**")	BVI, 10 July 2018	1 share of US$1 each	100%	100%	Investment holding
Pioneer Galaxy Holdings Limited	BVI, 12 August 2020	10,000 shares of US$1 each	100%	–	Investment holding
Jumbo Harvest Group Limited	BVI, 3 March 2021	1 share of US$1 each	100%	–	Dormant
Indirectly held by the Company:					
HSC Pipeline Engineering Pte. Ltd	Singapore, 13 January 1993	1,500,000 shares of S$1 each	100%	100%	Infrastructural pipeline construction and related engineering services
Trendzon (Hong Kong) International Holding Co Ltd	Hong Kong, 25 January 2019	10,000 shares, totaling HK$10,000	100%	–	Trading of building materials
Inner Mongolia City Environment Protection Pipeline Engineering Ltd	The PRC, 5 November 2020	Registered share capital of HK$10,000,000; Paid up: Nil	100%	–	Dormant

16 Property, plant and equipment

	Leasehold improvements S$'000	Leasehold property S$'000	Plant and machinery S$'000	Furniture and office equipment S$'000	Motor vehicles S$'000	Total S$'000
At 1 April 2019						
Cost	393	4,631	10,741	236	6,376	22,377
Accumulated depreciation	(393)	(4,118)	(5,372)	(163)	(2,680)	(12,726)
Net book amount	–	513	5,369	73	3,696	9,651
Year ended 31 March 2020						
Opening net book amount	–	513	5,369	73	3,696	9,651
Additions	–	–	646	25	276	947
Disposals						
– Cost	–	–	(26)	(23)	(185)	(234)
– Accumulated depreciation	–	–	9	21	162	192
Written-off						
– Cost	–	–	–	(2)	–	(2)
– Accumulated depreciation	–	–	–	2	–	2
Depreciation	–	(513)	(972)	(35)	(507)	(2,027)
Closing net book amount	–	–	5,026	61	3,442	8,529
At 31 March 2020						
Cost	393	4,631	11,361	236	6,467	23,088
Accumulated depreciation	(393)	(4,631)	(6,335)	(175)	(3,025)	(14,559)
Net book amount	–	–	5,026	61	3,442	8,529
Year ended 31 March 2021						
Opening net book amount	–	–	5,026	61	3,442	8,529
Additions	170	–	2,377	84	253	2,884
Transfer from investment properties	–	14,550	–	–	–	14,550
Disposals						
– Cost	–	–	–	(3)	(210)	(213)
– Accumulated depreciation	–	–	–	–	143	143
Written-off						
– Cost	–	–	(3,046)	–	(5)	(3,051)
– Accumulated depreciation	–	–	2,524	–	5	2,529
Depreciation	(19)	(114)	(2,634)	(41)	(505)	(3,313)
Exchange alignment	(3)	–	–	–	–	(3)
Closing net book amount	148	14,436	4,247	101	3,123	22,055
At 31 March 2021						
Cost	560	19,181	10,692	317	6,505	37,255
Accumulated depreciation	(412)	(4,745)	(6,445)	(216)	(3,382)	(15,200)
Net book amount	148	14,436	4,247	101	3,123	22,055

16 Property, plant and equipment (Continued)

Depreciation expense of S$3,129,000 (2020: S$1,469,000) and S$184,000 (2020: S$558,000) has been charged in cost of sales and administrative expenses respectively.

Included within additions in the consolidated financial statements are plant and machinery and motor vehicles acquired under hire purchase are as follows:

	2021 S$'000	2020 S$'000
Plant and machinery	1,859	330
Motor vehicles	146	328
	2,005	658

The carrying amounts of plant and machinery and motor vehicles held under hire purchase are as follows:

	2021 S$'000	2020 S$'000
At net book value		
Plant and machinery	1,879	995
Motor vehicles	334	1,795
	2,213	2,790

Leasehold property with a carrying amount of S$14,436,000 was pledged to the bank for term loans. Details are set out in Note 29(i).

17 Right-of-use assets and lease liabilities

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated statement of financial position

	2021 S$'000	2020 S$'000
Right-of-use assets		
Leasehold land	2,783	46
Building	–	222
Office	366	–
Motor vehicles	128	–
	3,277	268
Lease liabilities		
Current	243	268
Non-current	3,061	–
	3,304	268

(b) Amounts recognised in the consolidated statement of profit or loss

	2021 S$'000	2020 S$'000
Depreciation charge of right-of-use assets:		
Leasehold land	138	75
Building	166	414
Office	46	–
Motor vehicles	12	–
	362	489
Interest expenses (included in finance cost)	48	12
Expenses relating to short-term leases (included in cost of sales and administrative expenses)	957	437

Additions to the right-of-use assets during the year were S$3,371,000 (2020: S$118,000). The total cash outflow for leases during the year was S$1,660,000 (2020: S$951,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases workers' dormitories and land from the Government. Rental contracts for dormitories are typically made for fixed periods of 1 year but may have extension options as described below, whereas rental contract for land are typically made for a fixed period of 32 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

17 Right-of-use assets and lease liabilities (Continued)

(d) Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

18 Intangible assets

Computer software

	S$'000
At 1 April 2019	
Cost	112
Accumulated amortisation	(35)
Net book amount	77
Year ended 31 March 2020	
Opening net book amount	77
Addition	11
Amortisation	(39)
Closing net book amount	49
At 31 March and 1 April 2020	
Cost	123
Accumulated amortisation	(74)
Net book amount	49
Year ended 31 March 2021	
Opening net book amount	49
Amortisation	(40)
Closing net book amount	9
At 31 March 2021	
Cost	123
Accumulated amortisation	(114)
Net book amount	9

19 Investment properties

	2021 S$'000	2020 S$'000
At fair value		
At the beginning of the year	1,020	1,020
Additions	14,300	–
Fair value losses recognised in the consolidated profit or loss	(770)	–
Transfer to property, plant and equipment	(14,550)	–
At the end of the year	–	1,020

The following amounts are recognised in consolidated statement of profit or loss:

	2021 S$'000	2020 S$'000
Rental income	133	33
Direct operating expenses from investment properties that generated rental income	(40)	(15)

The following table analyses the Group's investment properties that are measured subsequent to initial recognition at fair value, grouped into fair value hierarchy level 3 based on the degree to which the inputs to fair value measurement is observable.

	2021 S$'000	2020 S$'000
Recurring fair value measurements:		
Investment property	–	1,020

19 Investment properties (Continued)

The investment properties comprises:

Description	Area in sq. meters	Tenure	2021 S$'000	2020 S$'000
Investment property	200	60-year from June 2011	–	1,020

Notes:

(a) As at 31 March 2020, investment property with carrying value totalling S$1,020,000 was mortgaged for bank borrowings, disclosed in Note 29.

(b) The investment properties are leased to non-related parties under operating leases as at 31 March 2020. Please refer to Note 31 for operating leases to non-related parties.

Details of the sensitivity analysis and the valuation techniques are set out in note 3(d).

20 Financial instruments by category

	2021 S$'000	2020 S$'000
Financial assets		
Financial assets at fair value through profit or loss		
– Financial assets at fair value through profit or loss	882	–
Financial assets at amortised cost		
– Trade and other receivables	12,737	3,090
– Fixed deposits	102	100
– Cash and cash equivalents	11,912	15,619
	24,751	18,809
	25,633	18,809
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	8,259	3,612
– Borrowings	19,739	1,260
– Lease liabilities	3,304	268
	31,302	5,140

21 Financial assets at fair value through profit or loss

	2021 *S$'000*	2020 *S$'000*
Equities investments listed in Hong Kong	882	–

	2021 *S$'000*	2020 *S$'000*
By industry:		
Manufacturing – raw materials	288	–
Leasing	594	–
	882	–

	2021 *S$'000*	2020 *S$'000*
Realised gains on disposal of financial assets at fair value through profit or loss	19	–
Unrealised gains on fair value changes of financial assets at fair value through profit or loss	15	–
Net gains in financial assets at fair value through profit or loss	34	–

As at 31 March 2021, financial assets at fair value through profit or loss are non-monetary financial assets denominated in Hong Kong dollars (2020: Nil).

22 Trade and other receivables

	2021 S$'000	2020 S$'000
Current:		
Trade receivables	7,977	2,949
Prepayments, deferred expenses, deposits, and other receivables:		
– Grant receivables	–	190
– Prepayments	686	146
– Deposits to suppliers	8,712	–
– Deferred expenses	–	170
– Deposits	592	141
– Other receivables	2,605	–
	20,572	3,596
Non-current:		
Non-refundable deposit for purchase of property	–	1,854
Deposit for purchase of a subsidiary	1,563	–
	22,135	5,450

The Group normally grants credit terms to its customers ranging from 30 to 45 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	2021 S$'000	2020 S$'000
1 to 30 days	7,499	2,712
31 to 60 days	471	1
61 to 90 days	7	236
	7,977	2,949

22 Trade and other receivables (Continued)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2021 S$'000	2020 S$'000
SGD	5,392	5,450
HKD	15,017	–
RMB	1,726	–
	22,135	5,450

Historically, the Group's loss arising credit risk relating to the customers are negligible as the Group's customers comprise mainly (i) gas, water, telecommunications and power utility companies in the private sector, and (ii) Singapore government agencies such as those governing water utility and catchment in the public sector. During the year ended 31 March 2021, with the acquisition of a subsidiary in Hong Kong, the customers of the Group has further expanded to the construction companies in the private sector in Hong Kong. The expected credit loss rate for the Group's customers are 0% for the year ended 31 March 2021 and 2020 respectively and no impairment loss is recognised. The Group has assessed expected credit loss by grouping the receivables based on shared credit risk characteristics. Accordingly, the Group is of the view that the expected credit loss rate to be consistent throughout the financial year, by taking into consideration of the track record of regular repayment of receivables from the customers over time and also the outlook of economic environment from the perspective of each financial year. The Group assessed that there were no significant change in the actual credit loss rate over the financial year.

23 Contract assets/(liabilities)

	2021 S$'000	2020 S$'000
Comprising:		
Current		
Contract assets	13,564	13,925
Contract liabilities	–	(447)
	13,564	13,478

23 Contract assets/(liabilities) (Continued)

The contract assets primarily relate to the Group's conditional right to a consideration in exchange for a satisfied performance obligations at the reporting date in respect of construction contracts. The contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

As at 31 March 2021, retention receivables amounted to S$262,000 (2020: S$242,000) are included in contract assets.

Retention receivables is unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts.

The Group considered that the ECL for contract assets are negligible as the customers of the Group are reputable organisations.

24 Cash and cash equivalents

(a) Cash and cash equivalents

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2021	2020
	S$'000	*S$'000*
Cash at banks	**11,912**	15,619

The Group's cash and cash equivalents are denominated in the following currencies:

	2021	2020
	S$'000	*S$'000*
SGD	**10,277**	14,589
USD	**15**	33
HKD	**1,423**	997
RMB	**197**	–
	11,912	15,619

24 Cash and cash equivalents (Continued)

(b) Fixed deposits

	2021	2020
	S$'000	*S$'000*
Fixed deposits denominated in SGD	**102**	100

Fixed deposits as at 31 March 2021 bore interest rates ranging from 0.15% to 1.40% per annum (2020: 0.42%) and were pledged to the banking facility of the subsidiary of the Group.

25 Deferred income tax liabilities

	2021	2020
	S$'000	*S$'000*
Deferred income tax liabilities:		
– To be settled after one year	**813**	1,077

The movements in deferred income tax liabilities in respect of accelerated tax depreciation during the year are as follows:

	2021	2020
	S$'000	*S$'000*
At the beginning of the year	**1,077**	1,144
Credited to the consolidated statement of profit or loss	**(264)**	(67)
At the end of the year	**813**	1,077

26 Share capital

	2021 HK$'000	2020 HK$'000
Authorised share capital of the Company:		
10,000,000,000 shares at HK$0.01 each	**100,000**	100,000
Issued and fully paid share capital of the Company:		
920,000,000 shares at HK$0.01 each As at 31 March 2021	**9,200**	9,200
In SGD	**1,589**	1,589

27 Reserves

	Share premium S$'000	Merger reserve S$'000	Exchange reserve S$'000	Retained earnings S$'000	Total S$'000
As at 1 April 2019	17,138	1,500	–	15,395	34,033
Profit and total comprehensive income for the year	–	–	–	1,568	1,568
Balances as at 31 March and 1 April 2020	**17,138**	**1,500**	**–**	**16,963**	**35,601**
Profit for the year	**–**	**–**	**–**	**3,254**	**3,254**
Other comprehensive loss for the year	**–**	**–**	**(1)**	**–**	**(1)**
Balance as at 31 March 2021	**17,138**	**1,500**	**(1)**	**20,217**	**38,854**

28 Trade and other payables

	2021 S$'000	2020 S$'000
Trade payables	**4,163**	3,055
Other payables:		
– Goods and services tax payables	**478**	55
– Advances received from customers	**10**	6
– Sundry creditors	**196**	86
Deferred income	**–**	190
Accrued expenses	**479**	230
Accrued for trade related costs	**1,084**	241
Accrual for employee benefit expenses	**1,859**	163
	8,269	4,026

The ageing analysis of the trade payables based on invoice date were as follows:

	2021 S$'000	2020 S$'000
1 to 30 days	**2,449**	1,498
31 to 60 days	**1,257**	907
61 to 90 days	**438**	343
Over 90 days	**19**	307
	4,163	3,055

The carrying amounts of trade and other payables approximate their fair values. The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2021 S$'000	2020 S$'000
SGD	**8,089**	4,026
HKD	**150**	–
RMB	**30**	–
	8,269	4,026

29 Borrowings

	2021 **S$'000**	2020 S$'000
Bank borrowing – term loans *(note (i))*	**9,503**	393
Hire purchase liabilities *(note (ii))*	**1,401**	867
Bonds *(note (iii))*	**6,848**	–
Other borrowings *(note (iv))*	**1,987**	–
Total borrowings	**19,739**	1,260
Of which:		
– Current liabilities	**10,875**	861
– Non-current liabilities	**8,864**	399
	19,739	1,260

(i) Banking borrowings – term loans

As at 31 March, the Group's term loans were repayable as follows:

	2021 **S$'000**	2020 S$'000
Bank borrowings		
Non-current, secured		
– Repayable later than 1 year and no later than 2 years	**5,604**	112
– Repayable later than 2 years and no later than 5 years	**2,355**	182
	7,959	294
Current, secured		
– Repayable no later than 1 year	**1,544**	99
	9,503	393

The carrying amounts of the Group's term loans approximate their fair values and are denominated in Singapore dollars.

As at 31 March 2021, the term loans were secured by leasehold properties (2020: investment property) and corporate guarantee from the Company.

For the year ended 31 March 2021, interest was charged at fixed rates of 1.68% and 2.25% (2020: 2.25% and 2.58%) per annum.

29 Borrowings (Continued)

(ii) Hire purchase liabilities

As at 31 March, the Group's hire purchase liabilities were repayable as follows:

	2021 S$'000	2020 S$'000
– No later than 1 year	496	762
– Repayable later than 1 year and no later than 2 years	905	105
	1,401	867

For the year ended 31 March 2021, the effective interest rates on the hire purchase liabilities bore interest rates between 2.82% and 3.04% per annum (2020: 3.05% and 3.31%).

(iii) Bonds

As at 31 March, the issued bonds of the Group were repayable as follows:

	2021 S$'000	2020 S$'000
– No later than 1 year	6,848	–

The carrying amounts of the Group's bonds approximate their fair values and are denominated in Hong Kong dollar.

The unsecured bonds were issued on 26 January 2021. For the year ended 31 March 2021, the bonds bore a fixed interest rate of 6% per annum (2020: nil) and are due in January 2022.

(iv) Other borrowings

As at 31 March, the other borrowings of the Group were repayable as follows:

	2021 S$'000	2020 S$'000
– No later than 1 year	1,987	–

The carrying amounts of the Group's other borrowings approximate their fair values and are denominated in Renminbi.

Other borrowings were unsecured and bore a fixed interest rate of 10% per annum during the year ended 31 March 2021 (2020: nil).

30 Notes to the consolidated statement of cash flows

(a) Cash (used in)/generated from operations

	Note	2021 S$'000	2020 S$'000
Profit before income tax		**4,054**	1,853
Adjustments for:			
Gains on disposal of property, plant and equipment	*8*	**(5)**	–
Depreciation of property, plant and equipment	*16*	**3,313**	2,027
Amortisation of intangible assets	*18*	**40**	39
Depreciation of right-of-use assets	*17*	**362**	489
Written-off of property, plant, and equipment	*16*	**522**	–
Realised gains on disposal of financial assets at fair value through profit or loss	*21*	**(19)**	–
Unrealised losses on fair value changes in investment properties	*19*	**770**	–
Unrealised gains on fair value change on financial assets at fair value through profit or loss	*21*	**(15)**	–
Interest income		**(5)**	(174)
Finance costs	*11*	**371**	63
Unrealised exchange differences		**18**	–
Operating profit before working capital changes		**9,406**	4,297
Changes in working capital:			
Changes in trade and other receivables		**(13,825)**	(3,461)
Changes in contract assets/(liabilities)		**(86)**	1,492
Changes in trade and other payables		**3,672**	(1,917)
Cash (used in)/generated from operations		**(833)**	411

30 Notes to the consolidated statement of cash flows (Continued)

(b) Net debt reconciliation

	Liabilities from financing activities				
	Term loans S$'000	Hire purchase liabilities S$'000	Lease liabilities S$'000	Bonds S$'000	Other borrowings S$'000
As at 1 April 2019	2,494	1,525	652	–	–
Addition	–	658	118	–	–
Principal payment	(2,101)	(1,316)	(502)	–	–
Interest paid	(11)	(40)	(12)	–	–
Interest expenses	11	40	12	–	–
Net debt as at 31 March and 1 April 2020	**393**	**867**	**268**	**–**	**–**
Addition	**11,634**	**1,635**	**3,371**	**6,848**	**4,307**
Principal payment	**(890)**	**(1,101)**	**(335)**	**–**	**(4,864)**
Interest paid	**(83)**	**(30)**	**(48)**	**–**	**(29)**
Interest expenses	**189**	**30**	**48**	**75**	**29**
Financing for addition in property, plant and equipment	**(1,633)**	**–**	**–**	**–**	**–**
Acquisition of subsidiary	**–**	**–**	**–**	**–**	**2,544**
Non-cash movement	**(107)**	**–**	**–**	**(75)**	**–**
As at 31 March 2021	**9,503**	**1,401**	**3,304**	**6,848**	**1,987**

(c) Proceeds from disposal of property, plant and equipment

	2021 **S$'000**	2020 S$'000
Net book value of property, plant and equipment disposed	**70**	42
Gains on disposal of property, plant and equipment	**5**	–
Proceeds from disposal of property, plant and equipment	**75**	42

31 Commitments

(a) Operating lease commitments – where the Group is a lessor

The Group leases out its investment property to non-related party under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	2021 *S$'000*	2020 *S$'000*
– No later than 1 year	–	14

(b) Capital commitments

Capital commitments contracted for at the consolidation statement of financial position date but not recognised in the financial statements, is as follows:

	2021 *S$'000*	2020 *S$'000*
Property, plant and equipment	–	12,870

32 Related party transactions

(a) Names and relationships with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control. The ultimate controlling shareholder of the Company is Michael Shi Guan Wah, who is also the Executive Director and Joint Chairman of the Company.

32 Related party transactions (Continued)

(a) Names and relationships with related parties (Continued)

The directors of the Company are of the view that the following company was related party with transactions or balances with the Group during the years ended 31 March 2021 and 2020:

Name of related party	Relationship with the Group
A+ Officers Security Pte Ltd	Common Director and Shareholder

(b) Transactions with related party

Other than those disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related party during the year:

	2021 *S$'000*	2020 *S$'000*
Transactions		
Technical service fee charged by a related party:		
– A+ Officers Security Pte Ltd	**1,992**	12

As none of Mr. Michael Shi Guan Wah or his immediate family members held 30% or more interests in A+ Officers Security Pte Ltd, the related party transactions above did not constitute continuing connected transactions under Chapter 14A of the Listing Rules.

(c) Key management compensation

The executive directors of the Company are regarded as key management. Details of the key management compensation are disclosed in Note 10(a) to the consolidated financial statements.

33 Business Combination

In October 2020, the Group completed the acquisition of a 100% equity interest in Trendzon (Hong Kong) International Holding Co Ltd. The purpose was to expand the Group's operation in Hong Kong.

Consideration transferred:	*S$'000*
Cash	2

Recognised amounts of provisional fair value of assets acquired and liabilities assumed:

	S$'000
Other receivables	2,860
Bank balances and cash	75
Borrowings	(2,543)
Other payables	(390)
Total identifiable net assets	2

	S$'000
Consideration paid	(2)
Add: bank balances and cash acquired	75
Net cash inflow arising from the acquisition	73

The acquired business contributed revenue of approximately S$6,203,000 and net profit of approximately S$150,000 to the Group for the period from the date of acquisition to 31 March 2021.

Had the acquisition taken place on 1 April 2020, consolidated pro-forma revenue and profit for the year ended 31 March 2021 would have been approximately S$43,450,000 and S$3,578,000, respectively.

34 Statement of financial position and reserve movement of the Company

Statement of financial position of the Company

	2021 S$'000	2020 S$'000
ASSETS		
Non-current assets		
Investment in a subsidiary	**18,906**	18,893
	18,906	18,893
Current assets		
Prepayments	**30**	30
Amount due from a subsidiary	**21,074**	6,034
Cash and cash equivalents	**24**	8,931
	21,128	14,995
Total assets	**40,034**	33,888
EQUITY		
Share capital	**1,589**	1,589
Share premium	**17,138**	17,138
Capital reserve	**18,893**	18,893
Accumulated losses	**(4,639)**	(3,934)
Total equity	**32,981**	33,686
LIABILITIES		
Other payables and accruals	**205**	202
Borrowings – bonds	**6,848**	–
Total liabilities	**7,053**	202
Total equity and liabilities	**40,034**	33,888

The statement of financial position of the Company was approved by the Board of Directors on 29 June 2021 and was signed on its behalf.

Director   *Director*

34 Statement of financial position and reserve movement of the Company (Continued)

(a) Share capital and reserve movement of the Company

	Share capital S$'000	Share premium S$'000	Capital reserve S$'000	Accumulated losses S$'000	Total S$'000
As at 1 April 2019	1,589	17,138	18,893	(3,805)	33,815
Loss and total comprehensive loss for the year	–	–	–	(129)	(129)
Balances as at 31 March and 1 April 2020	1,589	17,138	18,893	(3,934)	33,686
Loss and total comprehensive loss for the year	–	–	–	(705)	(705)
Balance as at 31 March 2021	1,589	17,138	18,893	(4,639)	32,981

35 Subsequent events

Subsequent to 31 March 2021, the Group has acquired All Good Finance Limited, a company incorporated in Hong Kong and granted with a money lender's license, from an independent third party. All Good Finance Limited will engage in money lending business in Hong Kong, which will further help expand the business operations of the Group in Hong Kong. The transfer of shares was completed in June 2021.

36 COVID-19 impact

Since the outbreak of COVID-19 pandemic in early 2020, a series of precautionary and control measures have been undertaken by the Singapore Government, including implementation of "Circuit Breaker" measure to mitigate transmission of COVID-19. This measure includes the closure of workplace premises from 7 April 2020 to 1 June 2020 (both date inclusive), other than essential services and their related supply chains, as well as entities that form a part of the global supply chain, business activities that cannot be conducted through telecommuting or other means from home.

The Group has been adopting precautionary and control measures to mitigate the impact of COVID-19 pandemic to the Group's operations, including but not limited to flexible work-from-home practices and procurement of supplies for pandemic prevention and control.

In preparing these financial statements, the management of the Group has assessed its non-financial assets for indicator of impairment and financial asset for any credit loss provision based on the conditions at the consolidated statement of financial position date taking into account of the COVID-19 situation. Based on the result of the assessments carried out, there is no impairment charge and credit loss provision that need to be made for the year ended 31 March 2021.