Wei Yuan Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1343

2021

Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Tian Soo *(Chairman)*
Mr. Ng Tian Fah *(Chief Executive Officer)*

Independent Non-Executive Directors

Mr. Gary Ng Sin Tong
(alias Mr. Gary Huang Chendong)
Ms. Lee Wing Yin Jessica
Mr. George Christopher Holland

AUDIT COMMITTEE

Ms. Lee Wing Yin Jessica *(Chairman)*
Mr. Gary Ng Sin Tong
(alias Mr. Gary Huang Chendong)
Mr. George Christopher Holland

REMUNERATION COMMITTEE

Mr. Gary Ng Sin Tong *(Chairman)*
(alias Mr. Gary Huang Chendong)
Mr. Ng Tian Fah
Ms. Lee Wing Yin Jessica

NOMINATION COMMITTEE

Mr. Ng Tian Soo *(Chairman)*
Mr. Gary Ng Sin Tong
(alias Mr. Gary Huang Chendong)
Mr. George Christopher Holland

COMPANY SECRETARY

Ms. Fung Mei Ling

AUTHORISED REPRESENTATIVES

Mr. Ng Tian Soo
Ms. Fung Mei Ling

AUDITOR

Moore Stephens CPA Limited
Certified Public Accountants
801–806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

COMPLIANCE ADVISER

Grande Capital Limited
Room 2701, 27/F
Tower One, Admiralty Center
18 Harcourt Road
Admiralty, Hong Kong

PRINCIPAL BANKERS

Maybank Singapore Limited
2 Battery Road
Maybank Tower
Singapore 049907

Standard Chartered Bank (Singapore) Limited
8 Marina Boulevard
Marina Bay Financial Centre Tower 1
Level 29
Singapore 018981

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE INFORMATION

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

37 Kranji Link
Singapore 728643

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F
United Centre
95 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

CORPORATE WEBSITE

http://www.weiyuanholdings.com

INVESTOR RELATIONS CONTACT

E-mail: info@weiyuanholdings.com

STOCK CODE

1343

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Wei Yuan Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to the shareholders of the Company ("**Shareholders**") the annual report of the Group for the year ended 31 December 2021 (the "**Year**").

The COVID-19 pandemic continues to impose challenging operation conditions in civil engineering industry and we expect significant challenges for the industry to return to pre-COVID levels of productivity and growth. The pace of construction activities is likely to be constrained by manpower shortage and deployment challenges, in view of the COVID-19 situation. The foreign worker labour crunch and the resultant higher labour costs are anticipated to pose challenges to business recovery.

Our order book remains healthy, which should support our Group through FY2023 and we will closely monitor the delivery of these contracts, while selectively tendering for new public and private contracts. Looking ahead, we will closely monitor the development of the COVID-19 and our strategy would remain unchanged which are to prioritise cash conservation, cost control and increase of market share. Leveraging on our accumulated 31 years of deep experience in civil engineering utilities infrastructure, we are looking forward to explore business opportunities while exercise caution.

On behalf of the Board, I would like to express my sincere appreciation to all our employees who have demonstrated perseverance and commitment amidst such challenging situation. I would like to also extend our sincerest gratitude to shareholders, customers and business partners for your continued support.

Wei Yuan Holdings Limited
Ng Tian Soo
Chairman and Executive Director

23 March 2022

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated statement of comprehensive income and of 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:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2021	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**93,203**	57,117	65,985	64,730	72,785
Cost of sales	**(80,029)**	(52,731)	(46,251)	(46,716)	(60,674)
Gross profit	**13,174**	4,386	19,734	18,014	12,111
Profit/(loss) before income tax	**2,794**	(3,698)	8,819	11,158	5,542
Profit/(loss) and total comprehensive income/(loss) for the year attributable to equity holders of the Company	**1,547**	(3,824)	6,769	8,990	4,773

ASSETS AND LIABILITIES

	As at 31 December				
	2021	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Total assets	**117,435**	101,289	81,721	58,358	56,605
Total liabilities	**64,525**	50,577	44,825	26,986	31,539
Total equity	**52,910**	50,712	36,896	31,372	25,066

INDUSTRY OVERVIEW

The civil engineering utilities market in Singapore remained challenging in 2022 with the increasing global spread of the Novel Coronavirus ("**COVID-19**") Omicron variant. According to the Ministry of Trade and Industry Singapore ("**MTI**") announced on 17 February 2022, the construction sector grew by 2.9% year-on-year, slower than the 69.9% growth in the third quarter 2021. The strong growth of the construction sector in the third quarter of 2021 was mainly due to low base effects given the slow resumption of construction activities after the Circuit Breaker period in 2020. For the whole of 2021, the construction sector grew by 20.1% in 2021, a sharp reversal from the 38.4% contraction in 2020 as both public and private sector construction output rose when most construction activities were suspended during the Circuit Breaker period. However, the output of the construction sector is expected to remain below pre-pandemic levels throughout 2022, as activity at construction worksites continued to be weighed down by labour shortages due to border restrictions on the entry of migrant workers.

BUSINESS REVIEW AND PROSPECTS

The core business and revenue structure of the Group have remained unchanged for the year ended 31 December 2021. The Group's operations, other than those of certain joint ventures, are located in Singapore and our revenue and profit from operations are solely derived from contract works rendered within Singapore. The Group is actively involved as a main contractor or subcontractor in both private and public sector projects and the revenue was principally derived from (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary and other support services; and (iv) sales of goods and milled waste.

The Group expects operating conditions in the construction sector to remain challenging in 2022. Although the Group has recorded a revenue growth of approximately 63.2% from approximately S$57.1 million for the year ended 31 December 2020 to approximately S$93.2 million for the year ended 31 December 2021, and the prospects of construction demand are expected to improve marginally compared to last year. The construction sector is expected to continue to be limited by manpower deployment challenges and higher cost and time resources needed to comply with precautionary restrictive measures such as border entry approval for foreign employees, rostered routine swab testing, staggered rest days, safe accommodation and transportation arrangement. Border control measures implemented in Singapore and overseas also disrupted supply chain for materials and equipment while additional quarantine and movement restrictions on inflow of foreign workers from higher-risk countries gave rise to manpower shortages.

Despite the challenging environment, business strategies of the Group remained unchanged for 2022. The Group will (i) closely monitor the development of the COVID-19 and assess its impact on its operations continuously; (ii) continue to leverage its solid track record and proven expertise to tender for public and private sector projects; (iii) prioritise cash conservation; (iv) adopt tighten cost control measures; (v) actively participate in tendering for new projects to strengthen the Group's market position; and (vi) exercise caution when exploring business opportunities during this period.

ONGOING PROJECTS

As at 31 December 2021, the Group had 34 (2020: 26) ongoing projects, including 28 ongoing power cable installation projects, four telecommunication cable installation projects and two ongoing cable installation projects with an aggregated contract sum of approximately S$335.2 million, of which approximately S$173.3 million has been recognised as revenue up to 31 December 2021. The remaining balance will be recognised as our revenue in accordance with the respective stage of completion.

FINANCIAL REVIEW

Below is the financial review for the year ended 31 December 2021 ("**FY2021**") compared to year ended 31 December 2020 ("**FY2020**").

Revenue

The following table sets out the breakdown of the Group's revenue by goods and services types for FY2021 and FY2020.

	FY2021 S$'000	FY2020 S$'000
Revenue from contract works		
— Power	**80,122**	51,580
— Telecommunication	**4,519**	806
Subtotal	**84,641**	52,386
Road milling and resurfacing services	**6,436**	3,640
Ancillary support and other services	**945**	618
Sales of goods and milled waste	**1,181**	473
Total	**93,203**	57,117

Our revenue increased by approximately S$36.1 million from approximately S$57.1 million in FY2020 to approximately S$93.2 million in FY2021, representing an increase of approximately 63.2%. This increase was mainly attributable to:

(i) increase in revenue from contract works by approximately S$32.3 million with combined effects of (a) elevated set of safe distancing measures implemented by the Singapore Government from 7 April 2020 to 1 June 2020 where our Group experienced disruption in the corresponding year in 2020 with strict measures; (b) the increase in revenue from power cable installation projects by approximately S$28.5 million was mainly due to substantial progress of projects with revenue recognised for FY2021 compared to FY2020; and (c) the increase in revenue from telecommunication cable installation projects by approximately S$3.8 million was due to substantial progress of one of the project with revenue recognised for FY2021 compared to FY2020;

(ii) increase in revenue from road milling and resurfacing services by approximately S$2.8 million due to reason elaborated in (i)(a) above;

(iii) increase in revenue from ancillary support and other services by approximately S$0.3 million due to increased revenue from leasing of vehicles due to reason elaborated in (i)(a); and

(iv) increase in revenue from sales of goods and milled waste by approximately S$0.7 million.

Cost of sales

Our cost of sales increased by approximately S$27.3 million from approximately S$52.7 in FY2020 to approximately S$80.0 million in FY2021, representing an increase of approximately 51.8%, which was mainly attributable to the increase in revenue as discussed above. The less-than-proportionate increase in cost of sales as compared to the revenue growth was mainly because (a) the Group had to pay wages for direct labours during the Circuit Breaker period; and (b) additional costs were incurred for the adoption and implementation of additional safe and controlled restart measures for our employees before resumption of the Group's operating activities during FY2020.

Gross profit and gross profit margin

The Group's gross profit increased by approximately S$8.8 million from approximately S$4.4 million in FY2020 to approximately S$13.2 million in FY2021, while the Group's gross profit margin increased from approximately 7.7% in FY2020 to approximately 14.1% in FY2021. The increase in gross profit and gross profit margin was mainly due to the increase in revenue of our Group attributable to the reasons elaborated above and the less-than-proportionate increase in cost of sales as discussed above.

Other income and other gains, net

Other income and other gains, net decreased by approximately S$2.7 million from approximately S$5.1 million in FY2020 to approximately S$2.4 million in FY2021 was mainly attributable to the decrease in grants received for COVID-19 on Foreign Worker Levy Rebates and Job Support Scheme from the Singapore Government.

Administrative expenses

Our administrative expenses decreased by approximately S$1.6 million from approximately S$11.7 million in FY2020 to approximately S$10.1 million in FY2021. Such decrease was mainly due to the decrease in the one-off listing expenses of approximately S$1.0 million incurred for FY2020.

Allowance for impairment of trade receivables and contract assets

An allowance for impairment of trade receivables and contract assets increased by approximately S$0.7 million from approximately S$0.2 million for FY2020 to approximately S$0.9 million for FY2021. Such increase was mainly attributable to (a) increase in allowance for expected credit loss of contract assets by approximately S$0.5 million for FY2021; and (b) increase in allowance for impairment of trade receivables by approximately S$0.2 million in relation to increase in trade receivable that were aged over 150 days for FY2021.

Finance income

The finance income was relatively stable at approximately S$15,000 and S$10,000 for FY2021 and FY2020, respectively, which mainly represented interest income from bank deposits and fixed deposits.

Finance costs

The finance costs mainly represented interest expense relating to our bank borrowings, lease liabilities and unwinding of discount of reinstatement costs. It increased by approximately S$0.2 million from approximately S$0.9 million in FY2020 to approximately S$1.1 million in FY2021, mainly caused by the increase in average bank borrowings and lease liabilities in FY2021.

Income tax expense

Income tax expense increased by approximately S$0.6 million in FY2021 as compared to FY2020 was mainly due to the increase in income tax expense of approximately S$0.6 million in FY2021, which is in line with the increase in assessable profit.

Profit for the year

As a result of the foregoing, our Group recorded a net profit of approximately S$2.1 million in FY2021 as compared to the net loss of approximately S$3.8 million in FY2020, representing an increase of approximately S$5.9 million.

FINAL DIVIDEND

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 March 2020 the ("**Listing Date**") and there has been no change in capital structure of the Group since then.

Our liquidity requirements are primarily attributable to our working capital for our business operations. Our principal sources of liquidity comprises of cash generated from our business operations, equity contribution from the shareholders and borrowings. As at 31 December 2021, the Company's issued share capital was HK$10,640,000 and the number of issued shares of the Company was 1,064,000,000 ordinary shares of HK$0.01 each.

As at 31 December 2021, the Group maintained a healthy liquidity position with net current asset balance and cash and cash equivalents of approximately S$25.3 million (31 December 2020: S$28.8 million) and approximately S$15.1 million (31 December 2020: S$8.1 million) respectively. The Group's cash and cash equivalents were denominated in Singapore dollars and Hong Kong dollars.

Our Group aims to maintain flexibility in funding by utilising committed credit lines available and interest bearing borrowing, and regularly monitors the current and expected liquidity requirements to ensure that we maintain sufficient financial resources to meet our liquidity requirements at all times.

Borrowings

As at 31 December 2021, the Group had total borrowings (including bank and other borrowings and lease liabilities) of approximately S$43.6 million (31 December 2020: S$35.8 million) which were denominated in Singapore dollars. The Group's borrowings have not been hedged by any interest rate financial instruments. Details of the maturity profile and interest rate of the borrowings are set out in Note 27 to the consolidated financial statements.

Gearing ratio

Gearing ratio is calculated as total borrowings (including bank and other borrowings and lease liabilities) divided by the total equity at the end of the respective period.

As at 31 December 2021, our gearing ratio was approximately 82.4% (31 December 2020: 70.5%). The increase in our gearing ratio as at 31 December 2021 was mainly due to the additions of bank and other borrowings and lease liabilities at approximately S$7.8 million in relation to an acquisition of the property located at 123 Pioneer Road Singapore 639596 on Lot 2440N of Mukim 7 which was completed on 7 April 2021.

Net debt to total capital ratio

Net debt to total capital ratio is calculated as net debts (i.e. lease liabilities, bank and other borrowings and net of cash and cash equivalents and pledged bank deposits) divided by total capital (i.e. net debts and total equity) at the end of the respective period.

As at 31 December 2021, our net debt to total capital ratio was approximately 34.6% (31 December 2020: 35.2%). The decrease in our net debt to total capital ratio was mainly due to the increase in equity.

Pledge of assets

As at 31 December 2021, the Group's investment properties of approximately S$2.0 million (31 December 2020: S$0.4 million), self-occupied properties of approximately S$15.4 million (31 December 2020: S$8.8 million) and bank deposits of approximately S$0.6 million (31 December 2020: S$0.2 million) were pledged for bank borrowings.

CAPITAL EXPENDITURES AND COMMITMENTS

For FY2021, the Group incurred capital expenditures of approximately S$13.4 million (FY2020: S$3.3 million), primarily due to purchases of property, plant and equipment and motor vehicles.

As at 31 December 2021, our Group had capital expenditure contracted for as end of the reporting period but not recognised in the consolidated financial statements in respect of purchases of property, plant and equipment and motor vehicles of approximately S$0.3 million (31 December 2020: S$9.2 million).

CONTINGENCIES

As at 31 December 2021, our Group had performance bonds for guarantees of completion of projects issued by insurance companies and bank amounting to approximately S$12.9 million (31 December 2020: S$13.9 million).

As at 31 December 2021, our Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to approximately S$1.7 million (31 December 2020: S$1.9 million).

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report and the Company's prospectus dated 25 February 2020 (the "**Prospectus**"), the Group did not have any plans for material investments and capital assets as at the date of this report.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES COMPANIES OR JOINT VENTURES

For FY 2021, the Group did not have any significant investment held, material acquisitions or disposals of subsidiaries and associated companies or joint ventures except to the announcement of the Company dated 8 April 2021, the acquisition of the property located 123 Pioneer Road Singapore 639596 on Lot 2440N of Mukim 7 which was completed on 7 April 2021.

Financial instruments

Our major financial instruments include trade receivables, deposits and other receivables excluding prepayments, cash and cash equivalents, pledged bank deposits, bank and other bank borrowings, lease liabilities, trade and retention payables and other payables excluding non-financial liabilities. Our management manages such exposure to ensure appropriate measures are implemented on a timely and effective manner.

FOREIGN EXCHANGE EXPOSURE

The headquarters and principal place of business of the Group is in Singapore with our revenue and cost of sales mainly denominated in Singapore dollars, which is the functional currency of all the Group's operating companies.

However, as the shares of the Company have been listed on the Stock Exchange on 12 March 2020, the Group retains Hong Kong dollars amounting to approximately HK$0.1 million as at 31 December 2021 that are exposed to foreign currency risk. The Group will continue to monitor its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, we had 587 full time employees (31 December 2020: 609) who were directly employed by us and based in Singapore. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes in FY2021 amounted to approximately S$24.6 million (FY2020: S$20.7 million).

We offer remuneration package to our employees which includes salary, bonuses and allowance. Generally, we consider employees' salaries based on each of their qualifications, position and seniority. Our Company has an annual review system to appraise the performance of our employees, which constitutes the grounds of our decision as to the salary raises, bonuses and promotions. The emoluments of the Directors have been reviewed by the Remuneration Committee of the Company, having regard to the performance of Directors and market standards, and approved by the Board.

Retirement Benefit Costs

Payments made to Central Provident Fund ("**CPF**") are recognised as expense when employees have rendered service entitling them to the contributions.

During the year ended 31 December 2021, there were no contribution forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2021, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

EVENTS AFTER REPORTING PERIOD

There are no significant events affecting the Company and its subsidiaries which have occurred after the year ended 31 December 2021 and up to the date of this report.

USE OF NET PROCEEDS FROM SHARE OFFER

The net proceeds from the share offer were approximately HK$71.0 million (equivalent to approximately S$12.8 million) after deducting underwriting commissions and all related expenses. An analysis of the utilisation of the net proceeds from the share offer from the date of listing to 31 December 2021 is set out below:

	Planned use of net proceeds from share offer	Actual use of net proceeds from the date of listing to 31 December 2021	Net proceeds utilised during the year ended 31 December 2021	Unutilised balance as at 31 December 2021
	S$'000	S$'000	S$'000	S$'000
Strengthening our financial position	10,082	10,082	969	–
Recruitment of staff	2,712	2,712	2,062	–
Total	12,794	12,794	3,031	–

As at 31 December 2021, all of the net proceeds raised from share offer had been fully utilised in the manner consistently with the proposed allocations as set out in the Prospectus.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ng Tian Soo ("Mr. Ng TS"), aged 63, was appointed as a managing director of Wee Guan Construction Pte Ltd ("**WGC**") on 18 April 1991 and was re-designated as an executive Director of the Group on 29 July 2019. He also serves as the chairman of the Board and is the chairman of the nomination committee of the Company. He is primarily responsible for developing construction business strategies, leading and providing direction for construction project administration and management to ensure the organisation's objectives are met. Mr. Ng TS also serves as a director in Wee Guan Corporation Pte. Ltd. ("**WG Corp**"), WGC, Hydrojack Engineering Pte. Ltd. ("**HDJ**") and Road Builders Singapore Pte. Ltd. ("**RBS**"), which all belong to the subsidiaries of the Company. He is also a director of WG INTERNATIONAL (BVI) LIMITED ("**WGI (BVI)**"), a controlling shareholder of the Company. Mr. Ng TS has over 30 years of experience in the construction industry in Singapore. Mr. Ng TS has attained professional diploma in human resources at Human Capital (Singapore) Pte. Ltd. in December 2017. He is the brother of Mr. Ng Tian Fah, Mr. Ng Tian Kew ("**Mr. Ng TK**") and Ms. Ng Mei Lian ("**Ms. Ng ML**"), and father of Mr. Ng Choon Tat ("**Mr. Ng CT**") and Mr. Ng Choon Wee ("**Mr. Ng CW**").

Mr. Ng Tian Fah ("Mr. Ng TF"), aged 52, was appointed as a director of WGC on 1 March 2010 and was re-designated as an executive Director of the Group on 29 July 2019. He also serves as the chief executive officer of the Group and is the member of the remuneration committee of the Company. He is primarily responsible for the planning and directing the Group's construction function, overseeing all major construction programmes to ensure all projects are consistent with the Group's goals as well as the timeliness of the progress and completion, that are within budget and has adhered to pre-established specifications. Mr. Ng TF is also a director of WG Corp, WGC and HDJ, which all belong to the subsidiaries of the Company. He is also a director of WGI (BVI), a controlling shareholder of the Company. Mr. Ng TF has over 27 years of experience in the construction industry in Singapore. Mr. Ng TF has attained professional diploma in human resources at Human Capital (Singapore) Pte. Ltd. in July 2018. He is the brother of Mr. Ng TS, Mr. Ng TK and Ms. Ng ML, and the uncle of Mr. Ng CT and Mr. Ng CW.

Independent Non-Executive Directors

Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), aged 48, was appointed as the independent non-executive Director on 18 February 2020. He also serves as the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. He is primarily responsible for providing independent advice to the Board.

Mr Ng is appointed as executive director and chief investment officer of Abakus Investment Management Pte Ltd in March 2022. From March 2020 to March 2022, he was the chief operating officer of Bright Point Capital Pte Ltd.. He was a director of research of SooChow CSSD Capital Markets (Asia) Pte. Ltd. from January 2020 to March 2020. He joined TriReme Medical (Singapore) Pte Ltd in February 2015 and was an executive director of QT Vascular Ltd., a company listed on the Singapore Exchange Limited from August 2015 to May 2019 where he was responsible for capital market activities. Mr. Ng has approximately 10 years of experience in investment banking. He joined CGS-CIMB Research Pte. Ltd. as an associate vice president of the institutional research department between July 2005 and August 2007. He worked as a credit research analyst of the global markets centre in Deutsche Bank AG, Singapore Branch between September 2007 and June 2008. He was a vice president of the research department in CGS-CIMB Research Pte. Ltd. between June 2008 and February 2015.

Mr. Ng completed a diploma in economics at University of London in August 1998. He received a bachelor's degree in banking and finance at University of London in August 2000.

Ms. Lee Wing Yin Jessica, aged 52, was appointed as the independent non-executive Director on 18 February 2020. She also serves as the chairman of audit committee and a member of the remuneration committee of the Company. She is primarily responsible for providing independent advice to the Board.

She is a director of DLK Advisory Limited since May 2016, in which she provides financial consulting and planning services to clients, manages the finance, human resources and administration teams and involves in the business development of the company. Ms. Lee has over 22 years of experience in accounting field, which she has gained from her previous positions in various companies tracing back to November 1994. She joined Kerry Properties (H.K.) Limited (HK stock code: 683), a property developer in Hong Kong as an accounts clerk in November 1994 and held her last position as a senior accounts clerk in July 1999. She was with MiTek Australia Limited, a manufacturer of construction materials in Australia, as an accountant between May 2000 and February 2002. Ms. Lee was a financial controller of FinMaster Financial Planning Limited from June 2002 to October 2003. She worked as a senior accountant of Diarough (Hong Kong) Limited between November 2003 and October 2004. She then joined Pico International (HK) Limited (HK stock code: 752) as an accountant in November 2004 and held her last position as a financial controller in April 2016.

Ms. Lee received a bachelor's degree in economics and a master's degree in business administration through part-time study from Monash University in October 1994 and November 2001, respectively. She was admitted as a certified practising accountant of the Australia Society of Certified Practising Accountants in October 1998 and an associate of the Hong Kong Institute of Certified Public Accountants in March 1999.

Mr. George Christopher Holland, aged 48, was appointed as the independent non-executive Director on 18 February 2020. He also serves as the member of the audit committee and nomination committee of the Company. He is primarily responsible for providing independent advice to the Board.

He is a co-founder of Holland & Marie since January 2018, in which he is responsible for management and operation of the firm. Mr. Holland has approximately 22 years of experience in legal and compliance matters. He worked at Clifford Chance between September 1999 and October 2010. He worked at Religare Capital Markets Pte Ltd. between November 2010 and September 2018, during which period he served in various roles, including general counsel.

Mr. Holland received a bachelor's degree in philosophy from University of Virginia in May 1996. He also received a juris doctor degree from Duke University School of Law in May 1999.

Senior management

Ms. Ng Nguk Eng, aged 67, joined the Group on 1 July 2015 as the Group financial controller. She is responsible for managing accounting operations and reporting, taxation, financial planning and internal control systems. Ms. Ng has over 32 years of experience in accounting and financial management. Before joining the Group, she worked as an accountant in Oriental Timber Trading Co., Sin Chiao Shipping Pte Ltd., Chuan Hiang Co., (Pte) Ltd., and Active Building & Civil Construction (Pte) Ltd., between February 1979 and January 1980, April 1980 and August 1981, September 1981 and October 1982, October 1982 and July 1985, respectively. She later on joined Manhattan Press (H.K.) Ltd. between August 1987 and February 1989 as a finance and administration manager. She joined OCK Construction Pte. Ltd. as an accountant in May 1989 and was held her last position as financial controller in February 1992. Ms. Ng then became a senior accounts manager of Econ International Ltd. from June 1992 to July 1997. She was the financial controller of Ho Lee Group Pte Ltd from July 1997 until November 2001. She returned to Econ International Ltd. to be their overseas financial controller from December 2001 to August 2002. In September 2002 to December 2004, Ms. Ng shifted to work for Econ-NCC J.V. as an accounts manager. From January 2005 until December 2009, she worked as a financial controller for Evergro Properties Limited (formerly known as Dragon Land Limited). She became a senior manager of Group Finance in Rotary Engineering Limited during March 2010 to January 2011. She worked as a financial controller in Microlight Sensors Pte. Ltd. from October 2012 to February 2013. She then worked as a part-time financial controller again for Microlight Sensors Pte. Ltd. in June 2013 to October 2014. Ms. Ng took up the role as a director and business advisory in Le Yu Corporate Advisory Pte. Ltd. during the course of April 2014 to October 2014. She joined the Group in January 2015 as a part-time personal assistant (finance) to managing director until March 2015. Starting from April 2015, she got promoted to be the head of managing director's personal assistant until June 2015.

Ms. Ng obtained her bachelor of commerce in Nanyang University in August 1976. She was admitted to the degree of Master of Business Administration through distance learning with the University of Leeds in June 1999. Most recently, she has been awarded a diploma in business translation and interpretation skills from the Nanyang Technological University in January 2013. Ms. Ng has been admitted as a certified public accountant in February 1989 by The Institute of Certified Public Accountants of Singapore. She then became an associate member of The Chartered Association of Certified Accountants in July 1990. She became a fellow member of The Association of Chartered Certified Accountants in July 1995, a fellow chartered accountant of Singapore of The Institute of Singapore Chartered Accountants in June 2006 and a fellow member of CPA Australia in October 2009.

Mr. Ng Choon Wee ("Mr. Ng CW"), aged 36, joined the Group in July 2015 as a finance manager and was promoted as Group finance manager and deputy general manager in April 2020 and January 2021 respectively. He is responsible for overseeing the operations of contract, human resource, logistics and project support management. Mr. Ng CW is a director of Wee Guan Engineering Pte Ltd, which belong to a subsidiary of the Company. Mr. Ng CW has over 11 years of experience in the finance and accounting field. Prior to his engagement with the Group, he has worked in finexis advisory Pte Ltd acting as a financial consultant, from May 2010 to April 2012. From October 2012 to April 2013, he was employed by United Overseas Bank Limited as a personal banking associate. In June 2013, he then joined Oversea-Chinese Banking Corporation Limited being a personal financial consultant, until September 2013. Mr. Ng CW engaged with Le Yu Corporate Advisory Pte. Ltd as an executive during September 2013 to October 2014. Mr. Ng CW first obtained a diploma in business information technology in Ngee Ann Polytechnic in June 2006. He obtained a bachelor of commerce in the University of Queensland in December 2009. Mr. Ng CW was later admitted to a degree of master in applied finance with the University of Adelaide through distance learning programme in March 2012. Mr. Ng CW is the son of Mr. Ng TS, nephew of Mr. Ng TF, Mr. Ng TK and Ms. Ng ML, and brother of Mr. Ng CT.

Mr. Teoh Chin Ching, aged 43, joined the Group in August 1998 and is now a senior project manager who is responsible for overseeing the operations of projects. Mr. Teoh has over 23 years of experience in the construction industry in Singapore. He was a site supervisor of the Group between August 1998 and October 1999 and was mainly responsible for site supervision of trenching workers. He was then promoted as a project coordinator in November 1999, in which he had to carry out coordination work for mill and patch operations. In 2010, he became a project manager and was obliged to overseeing the operations of projects such as cable installation projects. On 1 January 2018, Mr. Teoh got promoted as a senior project manager of the Group. Mr. Teoh obtained a diploma in mechanical engineering from Institut Teknologi Pertama in December 2003. He has been awarded the certificate in building construction safety supervisors from Building and Construction Authority in May 2000. He has further achieved certificate in pavement construction and maintenance from the Building and Construction Authority in November 2002. In December 2009, he had completed a construction safety course for project managers provided by Absolute Kinetics Consultancy Pte. Ltd.

Mr. Ng Choon Tat ("Mr. Ng CT"), aged 38, joined the Group in December 2013 as the project engineer of WGC and he was promoted as a project manager in November 2016. Mr. Ng CT is responsible for overseeing the operations of projects under the direction of the senior project manager. Mr. Ng CT is the son of Mr. Ng TS, nephew of Mr. Ng TF, Mr. Ng TK and Ms. Ng ML, and brother of Mr. Ng CW. Mr. Ng CT has about 10 years of experience in engineering. From September 2011 to August 2013, he has worked as an engineer with Eastern Green Power Pte. Ltd. Mr. Ng CT first obtained a diploma in electrical engineering in Ngee Ann Polytechnic in July 2005, he later on attained bachelor's degree in electrical engineering with Queensland University of Technology in July 2011.

Mr. Wong Kong Wei, aged 36, joined the Group in January 2016 as a project engineer and he was promoted as a project manager in January 2018. Mr. Wong is responsible for overseeing the operations of projects under the direction of the senior project manager. Mr. Wong has about 10 years of experience in the construction industry in Singapore. Prior to the position in the Group, he was a project engineer at Samwoh Corporation Pte Ltd from May 2010 to December 2010. He was a project engineer in Or Kim Peow Contractors (Pte) Ltd. from December 2010 to June 2014. Mr. Wong first obtained his diploma in civil and structural engineering from Singapore Polytechnic in March 2007. He later gained his bachelor's degree in civil engineering from the Nangyang Technological University in June 2010. Further, he had completed another bachelor's degree in economics and finance with RMIT University in December 2015.

Mr. Tan Xin Hua, aged 30, joined the Group in May 2018 as corporate accountant and was promoted as assistant finance manager, finance manager and Group finance manager in February 2019, April 2020 and January 2021 respectively. He is responsible for managing accounting operations and reporting, taxation, financial planning and internal control systems under the direction of Group financial controller. Mr. Tan has over 10 years of experience in finance and accounting field. Prior to his engagement with the Group, Mr. Tan had worked in McMillan Woods as an audit assurance senior from July 2012 to November 2013. From December 2013 to May 2015, he was employed by Cypress Singapore PAC as audit senior. In June 2015, he then joined Chee Yam Contractor Pte Ltd as assistant manager, until August 2017. From November 2017 to April 2018, he was employed by Lian Beng Construction (1988) Pte Ltd as senior accountant.

Mr. Tan obtained his Diploma in Business Studies Accounting and Advanced Diploma in Commerce (Financial Accounting) in May 2010 and July 2012 respectively in Tunku Abdul Rahman College. He became an associate member and fellow member of The Association of Chartered Certified Accountants in March 2016 and March 2021 respectively. Mr. Tan has been admitted as certified public accountant in December 2017 by The Institute of Certified Public Accountants of Singapore.

The Directors present this report together with the audited consolidated financial statements of the Group (the "**Consolidated Financial Statements**") for the year ended 31 December 2021 (the "**Year**").

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 15 May 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Pursuant to the Group reorganisation in preparation for the Listing as set out in the section headed "History, Development and Reorganisation" in the Company's prospectus dated 25 February 2020 which was completed on 12 February 2020 (the "**Reorganisation**"), the Company became the holding company of its subsidiaries comprising the Group. The Company's shares were listed on the Main Board of the Stock Exchange (the "**Listing**") on 12 March 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary and other support services; and (iv) sales of goods and milled waste. Details of the principal activities of the principal subsidiaries of the Company are set out in Note 16 to the Consolidated Financial Statements of this annual report.

RESULTS AND BUSINESS REVIEW

The results of the Group for the Year are set out in the section headed "Consolidated Statement of Comprehensive Income" on page 74 of this annual report. The business review of the Group for the Year are set out in the section headed "Management Discussion and Analysis" on pages 6 to 12 of this annual report. The discussion therein forms part of the Directors' Report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, is set out on page 5 of this annual report. This summary does not form part of the audited Consolidated Financial Statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed to building an environmentally-friendly corporation and minimising our impact on the environment. During the Year, the Group had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection. Detailed information on the environmental policies and performance adopted by the Group set out in the section headed "Environmental, Social and Governance Report" on pages 39 to 66 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, as far as the Directors are aware, the Group complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance. There was no material breach or non-compliance with the applicable laws and regulations by the Group during the Year.

RELATIONSHIP WITH KEY STAKEHOLDERS

The sustainable development of the Group also depends on the support from key stakeholders which comprise of customers, suppliers, subcontractors and employees.

During the Year, 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 the Group's top five customers or suppliers or subcontractors.

Customers

Our customers include (i) energy utilities companies; (ii) telecommunications companies; (iii) main contractors of various infrastructure development projects in Singapore; (iv) others which mainly represented by asphalt premix suppliers and contractors of various infrastructure development projects which our Group did not provide any services under contract works. We believe that the establishment of a close relationship with our customers have enhanced market recognition of the Group to attract more business opportunities.

During the Year, revenue derived from the Group's largest and top five customers in aggregate accounted for approximately 40.0% (2020: 45.4%) and approximately 86.0% (2020: 94.2%) of the total revenue, respectively.

Suppliers and subcontractors

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

During the Year, the Group's largest and top five suppliers in aggregate accounted for approximately 6.0% (2020: 6.0%) and approximately 16.6% (2020: 16.3%) of total purchases, respectively. Whereas, the Group's largest and top five subcontractors in aggregate accounted for approximately 7.7% (2020: 7.2%) and approximately 25.5% (2020: 25.6%) of total purchases, respectively.

Employees

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

We also place great importance in establishing a safe and healthy work environment for our employees. 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 to ensure the quality of our services. We have been continuously accredited with safety certifications such as ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and bizSAFE STAR certifications for our building and construction services, a testament to the systems and procedures that we have in place to deliver high quality services and that conforms 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 December 2021, our top five customers in aggregate accounted for approximately 86.0% (2020: 94.2%) of our total revenue and any significant decrease in projects secured from any one of them or any change in their creditworthiness may affect our business, operations and financial results. There is no assurance that these top five customers will continue to use our services at fees acceptable to our Group. If any of our top five customers were to terminate their business relationship with us entirely, there can be no assurance that we would be engaged by other customers to replace any such loss. In addition, if any of our customers fail to settle our invoice in accordance with the agreed credit terms, our 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 our profitability. If there is a change in our customers' creditworthiness, our results of operations would be materially and adversely affected.

2. Non-recurring nature of our projects

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

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

There is high labor demand within the 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 labor short-age in Singapore. Any changes to the policies of the foreign workers' countries of origin may also affect the supply of foreign workers and cause disruptions to our operations, resulting in a delay for the completion of our projects.

In addition, we may also face difficulties in retaining skilled local and/or foreign employees due to unforeseen fluctuations in labor costs. We may need to take into consideration such salary trends when recruiting or retaining skilled local and/or foreign employees as we would want to offer more competitive remuneration packages in order to attract higher skilled labor which may result in increased operating expenses thereby affecting our financial performance.

PRINCIPAL PROPERTIES

Details of the principal properties held for investment purposes for the Group are set out in Note 15 to the Consolidated Financial Statements of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in Note 14 to the Consolidated Financial Statements of this annual report.

SUBSIDIARIES

Details of the Company's principal subsidiaries as of 31 December 2021 are set out in Note 16 to the Consolidated Financial Statements of this annual report.

SHARE CAPITAL

As at 31 December 2021, 1,064,000,000 shares of HK$0.01 each of the Company (the "**Shares**") were in issue. Details of movement in the share capital of the Company during the Year are set out in Note 29 to the Consolidated Financial Statements of this annual report.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the Consolidated Statement of Changes in Equity on page 77 and Note 37 to the Consolidated Financial Statements of this annual report, respectively. As at 31 December 2021, the Company did not have distributable reserves available for distribution to shareholders (2020: Nil). Details of distributable reserves of the Company as at 31 December 2021 are set out in Note 37 to the Consolidated Financial Statements of this annual report.

DIVIDEND POLICY

The Company adopted a dividend policy which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its profits, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, as dividends to the Shareholders. The Board adopted the dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Company does not have any pre-determined dividend distribution ratio. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the provisions of the amended and restated articles of association of the Company (the "**Articles of Association**") and all applicable laws and regulations and the factors set out below.

The Board shall also take into account various factors of the Group when considering the declaration and payment of dividends such as operations, earnings, financial condition, cash requirements and availability, capital expenditure, future development requirements, business conditions and strategies, interests of shareholders, any restrictions on payment of dividends, and any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the various factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend, and any distribution of profits that the Board may deem appropriate. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of a final dividend to the Shareholders for the Year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during for the Year.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the 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 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 the Year or subsisted at the end of the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 30 to 38 of this annual report.

ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") of the Company will be held on 22 June 2022 and the notice convening such meeting will be published and despatched to the Shareholders in the manner as required by Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") in due course.

DIRECTORS

The Directors during the financial year and up to the date of this annual report were:

Executive Directors:

Mr. Ng Tian Soo *(Chairman)*
Mr. Ng Tian Fah *(Chief Executive Officer)*

Independent Non-Executive Directors:

Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong)
Ms. Lee Wing Yin Jessica
Mr. George Christopher Holland

In accordance with Article 84 of the Articles of Association, Mr. Ng Tian Soo and Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM.

The Company received annual confirmation of independence from each of the independent non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors entered into a service agreement with the Company for an initial term of three years commencing from 12 March 2020. The term of service shall be renewable automatically for successive terms of three years each commencing from the day next after the expiry of the then current term of the appointment, unless and until terminated by either party giving to the other not less than three months' prior notice in writing.

Each of the independent non-executive Directors entered into a letter of appointment with the Company for an initial term of three years commencing from 12 March 2020 subject to retirement by rotation and re-election in accordance with the Articles of Association.

None of the Directors, including those to be re-elected at the AGM, has a service contract or appointment letter with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

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 Directors and Senior Management" on pages 13 to 16 of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

EMOLUMENT POLICY

A remuneration committee is set up by the Board to develop and review 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 THE FIVE HIGHEST PAID INDIVIDUALS

The Directors' emoluments are subject to shareholders' approval at AGM 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. Our Company also adopted share option scheme as an incentive to our Director and senior management.

Details of the Directors' emoluments and the five highest paid individuals are set out in Note 36(a) and Note 10 to the Consolidated Financial Statements of this annual report respectively.

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

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 the Year. In addition, the Company has also maintained Directors' and officers' liability insurance during the Year, which provides appropriate insurance coverage in respect of legal actions against its Directors and officers arising from corporate activities.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save for the service contract/letter of appointment with the Directors and related party transactions as disclosed in Note 32 to the Consolidated Financial Statements, no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries or fellow 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 the Year or at any time during the Year.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as otherwise, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company or any of their subsidiaries has a material interest, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

NON-COMPETITION UNDERTAKING

WG INTERNATIONAL (BVI) LIMITED, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai Kwee Lim ("**Mr. Chai KL**") (collectively the "**Covenantors**") entered into a deed of non-competition dated 18 February 2020 (the "**Deed of Non-Competition**") in favour of the Company and had jointly and severally undertaken and covenanted with the Company (for itself and as trustee of its subsidiaries) that from the Listing Date and ending on the occurrence of the earliest of (i) the day on which the Shares cease to be listed on the Stock Exchange; or (ii) the day on which the Covenantors cease to be the controlling shareholders (as defined under the Listing Rules) of the Company, he or it shall not, and shall procure entities or companies controlled by him or it (other than members of the Group) not to at any time during the period that the Deed of Non-Competition remains effective, directly or indirectly, either on his or its own account or in conjunction with or on behalf of any person, firm or company (in each case whether as a shareholder, partner, agent, employee or otherwise), partnership or joint venture carry on, engage, participate, hold any rights or interest in any way assist in or provide support (whether financial, technical or otherwise) to any business similar to or which competes (either directly or indirectly) or is likely to compete with the business of provision of civil engineering utilities works and any other business conducted by the Group for time to time (the "**Restricted Business**"), save for the holding of not more than 10% shareholding interests (individually or any of the Covenantors with their associates (with meaning ascribed to it under the Listing Rules on the Stock Exchange collectively) in any listed company in Hong Kong.

Each of the Covenantors had further jointly and severally undertaken and covenanted with the Company that if any new business opportunity relating to the Restricted Business (the "**New Business Opportunity**") was made available to any of the Covenantors or their respective associates, directly or indirectly, whether individually or together (other than members of the Group), he or it will direct or procure the relevant respective associates to direct the New Business Opportunity to the Group with such required information to enable the Group to evaluate the merits of the relevant New Business Opportunity. The relevant Covenantor will provide or procure the relevant respective associates to provide the Group with all such reasonable assistance to secure such the New Business Opportunity.

A Covenantor may only engage in the New Business Opportunity if (i) a non-acceptance notice is received by the Covenantor for confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business; or (ii) a non-acceptance notice is not received by the Covenantor within 30 days after the receipt of the proposal of the New Business Opportunity by the Company.

The Covenantors have provided a written confirmation to the Company confirming that they have complied with the undertakings in the Deed of Non-Competition during the period from 1 January 2021 to 31 December 2021. The independent non-executive Directors have also reviewed the status of compliance by each of the Covenantors with the undertakings stipulated in the Non-Competition Undertakings and have confirmed that, as far as the independent non-executive Directors can ascertain, there is no breach of any of such undertakings.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Year, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SHARE OPTION SCHEME

The shareholders of our Company approved and adopted a share option scheme on 18 February 2020 (the "**Share Option Scheme**") to enable our Company to grant options to eligible participants as incentives and rewards for their contribution to our Group. The Share Option Scheme took effect on the Listing Date. No share options had been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme. Therefore, there was no outstanding option as at 31 December 2021. As at 31 December 2021, the total number of Shares available for issue under the Share Option Scheme was 106,400,000, representing 10% of the entire issued share capital of the Company.

The following is a summary of the principal terms of the Share Option Scheme:

(a) Who may participate and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser, substantial shareholder and distributor, contractor, supplier, agent, customer, business partner or service provider of any member of our Group, options to subscribe at a price calculated in accordance with paragraph (b) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(b) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the normal value of a Share on the date of grant of the option.

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

(c) Grant of options and acceptance of offers

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

(d) Maximum number of shares in respect of which options may be granted

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any options granted under any other share option scheme of the Company must not in aggregate exceed 10% of the Shares in issue as of the Listing Date, representing 106,400,000 share of the Company, unless our Company obtains a fresh approval.

(e) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting with such participant and his close associates abstaining from voting. In such event, our Company must send a circular to the shareholders containing the identity of the participant, the number and terms of the options to be granted (and options previously granted to such person), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(f) Time of exercise of option

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

(g) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(h) Duration of Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption, 18 February 2020 and expiring at the close of the business on the business day immediately preceding the tenth anniversary thereof.

RETIREMENT SCHEME

The Group participates in the Central Provident Fund scheme ("**CPF scheme**"), which is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement. Save as the aforesaid, the Group did not participate in any other pension schemes during the Year. Particulars of the CPF scheme are set out in Note 10 to the Consolidated Financial Statements of this annual report.

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

As at 31 December 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (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 entered 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 (the "**Model Code**") as set out in Appendix 10 of the Listing Rules were as follows:

(a) Long positions in the Shares

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Ng TS (Note)	Interest in controlled corporation	798,000,000	75%
Mr. Ng TF (Note)	Interest in controlled corporation	798,000,000	75%

Note: 798,000,000 Shares are held by WG INTERNATIONAL (BVI) LIMITED ("**WGI (BVI)**") which is beneficially owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL. Pursuant to the concert parties confirmatory deed entered on 23 July 2019, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL become parties acting in concert and they are deemed to be interested in the Shares held by WGI (BVI) pursuant to the SFO.

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Percentage of interest in associated corporation
Mr. Ng TS (Note)	WGI (BVI)	Beneficial owner	16,500	33%
Mr. Ng TF (Note)	WGI (BVI)	Beneficial owner	14,000	28%

Note: The Company is owned as to 75% by WGI (BVI). WGI (BVI) is beneficially owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL.

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or 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 entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital
WGI (BVI) (Note 1)	Beneficial owner	798,000,000	75%
Mr. Ng TS (Note 1)	Interest in controlled corporation	798,000,000	75%
Mr. Ng TF (Note 1)	Interest in controlled corporation	798,000,000	75%
Mr. Ng TK (Note 1)	Interest in controlled corporation	798,000,000	75%
Ms. Ng ML (Note 1)	Interest in controlled corporation	798,000,000	75%
Mr. Chai KL (Note 1)	Interest in controlled corporation	798,000,000	75%
Ms. Pang Kip Moi (Note 2)	Interest of spouse	798,000,000	75%
Ms. Phang May Lan (Note 3)	Interest of spouse	798,000,000	75%
Ms. Tang Siaw Tien (Note 4)	Interest of spouse	798,000,000	75%
Mr. Chen Teck Men (Note 5)	Interest of spouse	798,000,000	75%

Notes:

1. 798,000,000 Shares are held by WGI (BVI) which is beneficially owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL. Pursuant to the concert parties confirmatory deed entered on 23 July 2019, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL become parties acting in concert and they are deemed to be interested in the Shares held by WGI (BVI) pursuant to the SFO.

2. Ms. Pang Kip Moi is the spouse of Mr. Ng TS. Accordingly, Ms. Pang Kip Moi is deemed, or taken to be, interested in all the Shares that Mr. Ng TS is interested in by virtue of the SFO.

3. Ms. Phang May Lan is the spouse of Mr. Ng TF. Accordingly, Ms. Phang May Lan is deemed, or taken to be, interested in all the Shares that Mr. Ng TF is interested in by virtue of the SFO.

4. Ms. Tang Siaw Tien is the spouse of Mr. Ng TK. Accordingly, Ms. Tang Siaw Tien is deemed, or taken to be, interested in all the Shares that Mr. Ng TK is interested in by virtue of the SFO.

5. Mr. Chen Teck Men is the spouse of Ms. Ng ML. Accordingly, Mr. Chen Teck Men is deemed, or taken to be, interested in all the Shares that Ms. Ng ML is interested in by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the Year are set out in Note 32 to the Consolidated Financial Statements of this annual report. While the Group also has entered into certain continuing connected transactions which are fully exempted and not subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders by reason of their holding of the Shares. Intending holders and investors of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in shares. It is emphasised that none of the Company or its Directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float of at least 25% of the Company's total number of issued shares which was held by the public as required under the Listing Rules for the Year and up to the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Company and its subsidiaries which have occurred after the year ended 31 December 2021 and up to the date of this annual report.

AUDITOR

The auditor of the Company was changed from PricewaterhouseCoopers to Moore Stephens CPA Limited since 29 September 2020. The Consolidated Financial Statements for the Year have been audited by Moore Stephens CPA Limited, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

By Order of the Board
Wei Yuan Holdings Limited

Ng Tian Soo
Chairman and Executive Director

23 March 2022

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and enhance its corporate value. The Company adopted all the code provisions in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Listing Rules as its own code on corporate governance practices.

During the Year, the Company had complied with the code provisions set out in the CG Code.

BOARD OF DIRECTORS

The Company is governed by the Board which is primarily responsible for developing construction business strategies, leading and providing direction for construction project administration and management to ensure achieving the organisation's objectives; planning and directing the Group's construction function, overseeing all major construction programmes to ensure all projects consistent with the Group's goals as well as the timeliness of the progress and completion within budget and adhered to pre-established specifications; and providing independent advice to the Board. The Board sets the overall policies, strategy and directions for the Group with a view to developing its business and enhancing the shareholders value.

The Board meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group. The Board has delegated certain duties and authorities to the senior management of the Company which are management of accounting operations and reporting, taxation, financial planning and internal control systems; and overseeing day-to-day management, the operations of projects and accounts and finance team management.

The Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of directors and senior management and the Company's policies and practices on compliance with legal and regulatory requirements and etc. During the Year, the Board reviewed the compliance with the CG Code and the disclosure in the corporate governance report and the effectiveness of the risk management and internal controls systems of the Group.

The Board currently comprises, two executive Directors, namely Mr. Ng Tian Soo (chairman) and Mr. Ng Tian Fah (chief executive officer (the "**CEO**")), and three independent non-executive Directors (the "**INED**"), namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland.

Mr. Ng Tian Soo is the brother of Mr. Ng Tian Fah, Mr. Ng Tian Kew and Ms. Ng Mei Lian, and the father of Mr. Ng Choon Tat and Mr. Ng Choon Wee.

The attendance records of the Directors for the regular Board, Board committees and general meetings of the Company for the Year are as follows:

	No. of meetings attended/No. of meetings held				
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Director					
Mr. Ng Tian Soo *(chairman)*	5/5	N/A	N/A	1/1	1/1
Mr. Ng Tian Fah *(CEO)*	5/5	N/A	3/3	N/A	1/1
Independent Non-Executive Director					
Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong)	5/5	2/2	3/3	1/1	1/1
Ms. Lee Wing Yin Jessica	5/5	2/2	3/3	N/A	1/1
Mr. George Christopher Holland	5/5	2/2	N/A	1/1	1/1

In compliance with the Listing Rules, the Company appointed INEDs with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The INEDs, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company received annual confirmation of independence under Rule 3.13 of the Listing Rules from each of the INEDs and believes that their independence is in compliance with the Listing Rules.

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The term of appointment pursuant to the letters of appointment of Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland is for a period of three years till March 2023. The non-executive Directors are subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting of the Company pursuant to the Articles of Association.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the Year, according to the records provided by the Directors, the participation by each Director in the continuous professional development ("**CPD**") was recorded as follows:

The executive Directors, Mr. Ng Tian Soo and Mr. Ng Tian Fah, participated in CPD activities by way of attending training covering topics including business management.

The INEDs, Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland, participated in CPD activities by way of reading materials covering topics including amendments to the Listing Rules and corporate governance.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Board Diversity Policy**") to continuously seek to enhance the effectiveness of its Board by maintaining the highest standards of corporate governance and recognising and embracing the benefits of diversity in the boardroom. The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board's effectiveness.

The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including skills, regional and industry experience, background, race, gender and other qualities etc. In forming its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to serve its shareholders and other stakeholders going forward. The Board will give adequate consideration to the Board Diversity Policy when it identifies suitably qualified candidates to become members of the Board.

The Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness. The Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels. While we recognise that gender diversity at the Board level can be improved, the Company will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company adopted the Model Code as set out in Appendix 10 of the Listing Rules as its codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding the Directors' securities transactions during the Year. The Company will from time to time reiterate and provide reminder to the Directors regarding the procedures, rules and requirements to be complied with by them in relation to the Directors' dealings in securities of the Company.

REMUNERATION COMMITTEE

The Company established a remuneration committee in February 2020 with written terms of reference in compliance with the CG Code of the Listing Rules. The remuneration committee of the Company comprises one executive Director, namely Mr. Ng Tian Fah, and two INEDs, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) and Ms. Lee Wing Yin Jessica. The remuneration committee of the Company is chaired by Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong).

The primary duties of the remuneration committee of the Company are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; review and approve the management's remuneration proposals and make recommendations to the Board on remuneration of non-executive Directors. The Directors are remunerated with reference to their respective duties and responsibility with the Company, the Company's performance, other companies in the industry in which the Group operates and current market practice. The remuneration committee of the Company adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

During the Year, the remuneration committee of the Company reviewed the Group's remuneration policy and structure and the remuneration packages of the Directors of the Company and the senior management of the Group; and reviewed and approved the reports, the results announcements and the circular of the Company regarding the remuneration and the service contracts of the Directors.

Details of Directors' emoluments and Directors' retirement benefits for the Year are disclosed in Note 36 to the Consolidated Financial Statements.

NOMINATION COMMITTEE

The Company established a nomination committee (the "**NC**") in February 2020 with written terms of reference in compliance with the CG Code of the Listing Rules. The NC comprises one executive Director, namely Mr. Ng Tian Soo, and two INEDs, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) and Mr. George Christopher Holland. The NC is chaired by Mr. Ng Tian Soo.

The primary duties of the NC are to review the structure, size and composition of the Board, consider inter alia the skills, knowledge, experience, length of service and the breadth of expertise of the Board as a whole; identify individuals suitably qualified to become Board members; assess the independence of INEDs; make recommendations to the Board on the appointment or re-appointment of Directors and formulate nomination policy for consideration of the Board.

The NC is to identify and evaluate a candidate for nomination to the Board for appointment or the shareholders of the Company for election, as a Director. The NC shall consider a number of factors in making nominations, including but not limited to the following:

— Skills and experience: The candidate should possess the skills, knowledge and experience which are relevant to the operations of the Company and its subsidiaries;

— Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the Board Diversity Policy of the Company and the balance of skills and experience in board composition;

— Commitment: The candidate should be able to devote sufficient time to attend board meetings and participate in induction, trainings and other board associated activities. In particular, if the proposed candidate will be nominated as an INED and will be holding his/her seventh (or more) listed company directorship, the NC should consider the reason given by the candidate for being able to devote sufficient time to the Board;

— Standing: The candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director; and

— Independence: The candidate to be nominated as an INED must satisfy the independence criteria set out in the Listing Rules.

If the NC determines that an additional or replacement Director is required, the NC may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate. The NC may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board. On making recommendation, the NC may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as Director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to shareholders for election or re-election (where appropriate) at the general meeting of the Company.

Each of the executive Directors entered into a service agreement for his appointment with the Company for an initial term of three years commencing from 12 March 2020 and the term is renewable automatically after the expiry of the current term of appointment. Each of the INEDs entered into a letter of appointment for his/her appointment with the Company for an initial term of three years commencing from 12 March 2020. All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

According to Articles 84(1)–(2) of the Articles of Association, at each annual general meeting of the Company 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 provided that every Director shall be subject to retirement at an annual general meeting of the Company at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he 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 himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

According to Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

During the Year, the NC reviewed the structure, size and composition of the Board and the proposed Directors for re-election at the annual general meeting of the Company and assessed the independence of INEDs.

AUDIT COMMITTEE

The Company established an audit committee in February 2020 with written terms of reference in compliance with the CG Code of the Listing Rules. The audit committee of the Company comprises three INEDs, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland. The audit committee of the Company is chaired by Ms. Lee Wing Yin Jessica.

The primary duties of the audit committee of the Company are to review the risk management and internal control systems of the Group, the Group's financial and accounting policies and practices and the financial statements and reports of the Company and the external auditors' fees; and discuss the scope of audit with the auditor.

During the Year, the audit committee of the Company reviewed the Group's audited annual results for year ended 31 December 2020, the unaudited interim results for the six months ended 30 June 2021 and the accounting principles and practices adopted by the Group; and discussed with the management of the Company on risk management and internal control systems and financial reporting matters of the Group.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS OF THE COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements of the Company which give a true and fair view of the financial position of the Company on a going concern basis and which are in compliance with the relevant accounting standard and principles, applicable laws and disclosure provisions of the Listing Rules. The Directors also acknowledge their responsibility for overseeing the preparation of the Consolidated Financial Statements in accordance with the basis of presentation set out in Note 2 to the Consolidated Financial Statements on a going concern basis and which are in compliance with the relevant accounting standard and principles, applicable laws and disclosure provisions of the Listing Rules. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's and the Group's ability to continue as a going concern.

AUDITOR AND THEIR REMUNERATION

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Company and the Consolidated Financial Statements for the Year is set out in the section "Independent Auditor's Report on Consolidated Financial Statements" of this annual report. During the Year, remuneration paid and payable to the Group's current independent auditor and its foreign member firm in respect of the year ended 31 December 2021 are approximately S$203,000 for annual audit services and approximately S$42,000 for non-audit services.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group's objective is to ensure a sound system of risk management and internal controls and risk management policies in place in order to achieve the Group's business objectives. The Group established a policies & procedures manual for enterprise risk management policy (the "**Policy**") setting out guidelines in relation to the Group's risk management framework. The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems and reviewing their effectiveness in order to safeguard the interests of the shareholders and the assets of the Group.

The Board is responsible for the risk governance and determining the nature and extent of the significant risks which the Board is willing to accept in achieving its strategic objectives.

The Board shall determine the Group's level of risk tolerance and risk management process and policies. They are also responsible for overseeing the management of the Group in the design, implementation and monitoring of the risk management and internal control systems.

The key management personnel of the Group are responsible for identifying and updating key risks relevant to the Group's business as per the risk categories in the Policy such as strategic and operational risks, financial risks, compliance risks and operational risks. The employees of the Group are to manage risks within their spheres of control in accordance with the Group's policies and procedures and the Group's code of conduct.

The Group's risk analysis involves consideration of the causes and sources of risk, potential positive or negative impact and consequence and the likelihood of occurring the identified consequence. The risk analysis process involves the assignment of an overall residual risk rating for each risk documented in the risk register. Standardized rating scales would be applied across all risk management activities and business units of the Group.

Risk treatment involves selecting and implementing one or more options such as avoiding, reducing, sharing and retaining or accepting the risk of the Company to reduce the residual risk to an acceptance level that is within the Group's risk appetite. Risk owners with given authority would consider the various risk treatment options available, weigh the cost-benefit of each option and consider the feasibility and timeline of such implementation and are responsible for regularly monitoring and reporting the progress of treatment implementation to the management team of the Company and other relevant stakeholders.

The management team of the Group shall present risk management reporting which also comprised of update of risk register and progress reporting of risk treatment implementation on a half-yearly basis.

The Board would, at least annually, review the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

Action items to mitigate the identified risks are developed for implementation. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The procedures and internal controls of the Company for handling and dissemination of inside information includes conducting the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all policies regarding the inside information.

During the Year, the Board reviewed the effectiveness of the Group's risk management and internal control systems. The Company considered the Group's risk management and internal control systems are effective and adequate.

The Company has an internal audit function performed by an engaged external professional adviser which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the audit committee of the Company on, at least, an annual basis.

COMPANY SECRETARY

The Company engaged Mr. Cheung Ka Chun as the company secretary of the Company (the "**Company Secretary**") since 10 June 2019. Mr. Cheung resigned as the Company Secretary with effect from 1 April 2021 and Ms. Fung Mei Ling was appointed as the Company Secretary with effect from 1 April 2021. Both, Mr. Cheung and Ms. Fung, have been working with BPO Global Services Limited which amalgamated with Acclime Corporate Services Limited. Its primary corporate contact person at the Company is Ms. Ng Nguk Eng, the Group financial controller of the Company.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to the Articles of Association, any one or more shareholders of the Company (the "**Shareholder(s)**") holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner.

Putting forward proposals at general meetings

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

For including a resolution to propose a person for election as a Director at general meeting, the Shareholders are requested to follow the Articles of Association. A written notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as a Director are posted on the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The objective of the Shareholders' communication is to provide the Shareholders with information about the Company and enable them to engage actively with the Company and exercise their rights as the Shareholders in an informed manner. Effective and timely dissemination of information to the Shareholders shall be ensured at all times.

Information shall be communicated to the Shareholders mainly through the Company's financial reports (half-year and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the corporate communication documents submitted to the Stock Exchange on the Company website and the Stock Exchange website. Information on the Company website (www.weiyuanholdings.com) is updated on a regular basis.

The Shareholders should direct their questions about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong. The Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. The Shareholders may also make enquiries to the Board by writing to the Company Secretary at the Company's principal place of business in Hong Kong at Unit B, 17/F, United Centre, 95 Queensway, Hong Kong.

CONSTITUTIONAL DOCUMENTS

During the Year, there had been no significant change in the Company's constitutional documents since the adoption of the amended and restated memorandum and articles of association of the Company on 18 February 2020.

ABOUT THE REPORT

Reporting Scope

This is our third environmental, social and governance ("**ESG**") report (the "**Report**") published by Wei Yuan Holdings Limited ("**Wei Yuan**" or the "Company", together with its subsidiaries referred to as the "**Group**" or "**We**" and "**us**"), detailed our ESG management approaches, environmental and social performance during the period from 1 January 2021 to 31 December 2021 (the "**Reporting Period**" or "**2021**"), unless otherwise stated. For details of corporate governance, please refer to the "Corporate Governance Report" set out in this Annual Report.

The Report covers our business operations in relation to the contract works of power cables installation and telecommunication and fiber optic networks, road milling and resurfacing services and ancillary support and other services. The environmental and social key performance indicators disclosure mainly focuses on our office operation and the 34 contract works undergone in Singapore during the Reporting Period.

Reporting Standard

The Report has been prepared in accordance with the "ESG Reporting Guide" as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKEX**") as well as adhering to the "comply or explain" provisions thereof. With the exception of the provisions that the Group considers are inapplicable to our business operations or provide partial disclosure, explanations are illustrated in the corresponding sections.

Reporting Principles

The Group has complied the Report in adherence with the following ESG reporting principles:

✓ Materiality: The Group selected and identified material ESG issues that are significant to the stakeholders and the Group by stakeholder engagement and materiality assessment. The information of the materiality assessment has been disclosed in the relevant section under the Report.

✓ Quantitative: Information of the standards, methodologies, and source of conversion factors used, for the reporting of emissions and energy consumption has been disclosed. Please refer to the relevant section in the ESG Report for details.

✓ Balance: The Report presented the Group's environmental and social performance in an impartial basis to provide an objective reporting disclosure for readers.

✓ Consistency: The methodology adopted for disclosing key environmental and social performance indicators is consistent with that of the previous reporting period.

ABOUT THE GROUP

Incorporated and headquartered in Singapore, the Group is principally engaged in the provision of civil engineering utilities works nearly 30 years and performs contract works with different specialized methods, including open cut excavation method and trenchless methods such as cable tunnel installation, horizontal directional drilling, pipe jacking and guided auger boring in relation to installation of power cables, telecommunication and fiber optic networks, sewerage pipelines, as well as road milling and resurfacing services, and ancillary support and other services.

Under the leadership and efforts of our board of directors and senior management, the Group is dedicated to leveraging our deep experience and establishing ourselves as a reputable contractor within the civil engineering utilities works segment in Singapore, in the meanwhile fostering the sustainable development in the society with creating positive values to our stakeholders.

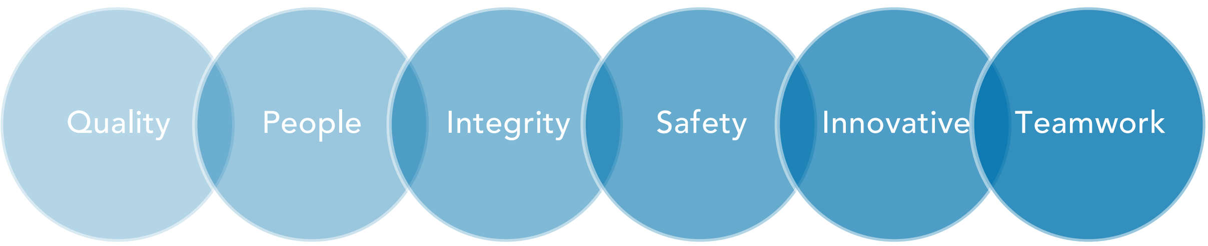
Our Vision:

To be the preferred regional partner in Infrastructure and Utilities industry.

Our Mission:

To bring forth consistent quality, on-time delivery and absolute safety to fulfil our clients' needs.

Our Values:



ESG GOVERNANCE

The Group recognizes that a sound ESG governance structure can foster the sustainable business development and strengthen our competitive advantage in the industry, as well as bringing long-term benefits for our stakeholders and the Group.

The Group has established an ESG structure to govern the overall implementation of ESG management along our business operation. The board of directors (the "**Board**") takes the overall responsibility for ESG issues, determines the direction and development of ESG strategies, policies and goals and ensures the adequacy and effectiveness of internal control management system for ESG-related risk control. Chaired by our Chief Executive Officer ("**CEO**"), our ESG working group comprises the representatives of senior management from various operational departments such as Finance Department, Integrated Operation Support Department, Safety and Environment Department, Human Resources Department and Project working teams. The duties of the ESG working group include:

- formulating relevant ESG policies and management procedures in line with the framework and objectives set out by the Board;
- coordinating the departmental units to assist in the preparation of the annual ESG report, including evaluating our stakeholders' needs and expectations with timely response, conducting materiality assessment, collecting and analyzing the ESG performance data;
- identifying ESG-related risks and opportunities pertain to the business operations;
- carrying out internal audits aligned with International Standard Organization (the "**ISO**") standards; and
- reporting the updates of the annual ESG performance and the progress of the annual ESG report to the Board and making recommendations for continual performance improvement and efficiency.

In addition, followed with the enterprise risk management process, including identification, assessment, monitoring and reporting, the Group has conducted risk analysis and identified corresponding risk areas for further review of their impacts on our business operations. The change of risks will be timely reported to the Board and determine appropriate and effective measures for risk control and mitigation.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group endeavors to maintain an open and constant communication with our stakeholders. This enables us to earn mutual trust with our stakeholders and to better understand their needs, concerns and expectations relevant to our business operations for determining opportunities and improvement in ESG management. We have identified six key stakeholder groups and established various communication channels to ensure the quality of stakeholder engagement, which are indicated in the table below:

Stakeholders	Possible Concerns and Expectations	Communication channels
Shareholders	• Investment returns • Sustainable business development • Transparent financial information	• Company website • General meetings • Corporate reports and announcements • Inspection on site
Employees	• Good work environment • Business sustainability and job security • Career development and promotion • Remuneration and benefits, recognition and reward • Career development • Remuneration and benefits • Occupational health and safety	• Emails and suggestion box • Employee meeting • Annual employee performance review • Employee training • Team building activities
Customers	• On time delivery • Achieve project quality and delivery outcome • Service excellence • Value add services	• Customer feedback and complaints • Customer visit
Suppliers and Business partners	• Business opportunities, mutual beneficial relationship for sustainable business • Fair and open competition • Effective collaboration	• Supplier qualification and performance assessment • On-going direct engagement • Procurement and tendering • Regular site inspection
Regulatory agencies	• Compliance with applicable regulatory requirements • Creation of job opportunities	• Regular document submission • Regular communication with regulatory authorities • Forum, seminar and conference
Community	• Minimize negative effects of the construction activities to the surrounding environment and neighborhood • Support for community welfare and investment	• Meeting with the community • Company website • Email and hotline • Sponsorship and donation

In adherence with the reporting principle of "Materiality", the Group has performed a materiality assessment to determine and prioritize the ESG topics that are material to the Group. We conducted an internal review on the results of the materiality assessment undertook last year and took into consideration the current business operations and development, market trends and local policies and regulations in order to evaluate the materiality of each of ESG issues. Our ESG working group also discussed and confirmed the list of material ESG topics for reporting disclosure and continually review their relevance and materiality to our businesses in turn to properly address the impacts arising from the ESG topics. As a result, the 14 highly important ESG topics are determined same as last year, which are illustrated in the table below:

Aspects	Material ESG Topics
Environment	1. Energy efficiency 2. Air emissions 3. Waste and effluents 4. Water efficiency
Employment and labor practices	5. Employment practices 6. Staff recruitment and retention 7. Occupational health and safety 8. Employee training and career development 9. Elimination of child and forced labor
Operational practices	10. Project quality 11. Customer data privacy protection 12. Customer satisfaction 13. Supply chain management 14. Anti-corruption and business ethics

OUR ENVIRONMENT

The Group believes that the quality of environment is significant to sustain the corporate business development and every corporation has collective responsibility to environmental protection. The Group is dedicated to the adoption of green initiatives throughout our business activities, in turn to minimizing the negative impacts on the environment.

The Group has formulated Green and Gracious Policy, in which specifies our commitments in minimizing the environmental pollution, optimizing waste management and resource efficiency with the implementation of green practices at all sites and headquarter, as well as promoting environmental sustainability along with our business operation. The Group has established an environmental management system in accordance with the ISO 14001:2015 international standard in order to manage the environmental issues in a systematic manner and continuously improve our environmental performance. The environmental management system of Wee Guan Construction Pte Ltd has been accredited with ISO 14001:2015 standard for civil engineering construction, cable installation and road reinstatement services since 2016.

The Group also strives to raising our employees' awareness of environmental protection by educating and inculcating green best practices to all levels of all staff through meetings, different trainings, sharing sessions and green campaigns in fostering green corporate culture and green contract works sites.

The Group has complied with the applicable environmental protection laws (e.g. the Environmental Public Health Act, Chapter 95 of Singapore, the Environmental Protection and Management Act, Chapter 94A of Singapore, the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations and the Control of Vectors and Pesticides Act, Chapter 59 of Singapore). During the Reporting Period, the Group did not identify any breaches of relevant environmental laws and regulations relating to air and greenhouse gas ("**GHG**") emissions, discharges into water and land.

EMISSIONS

Air emission of the Group is mainly sourced from the exhaust gas due to the fuel combustion of mobile machineries and vehicles in our contract works. With the inevitable use of machineries and vehicles for the execution of contract works and transportation, the Group has adopted practical solution to reduce the dark smoke and exhaust gas emission. For instance, our project teams strive to opt for cleaner and superior fuels for all fuel-driven machineries and vehicles, select the equipment and machineries (e.g. excavators and generators) with low emission engines and regularly carry out routine maintenance and repairment of powered mechanical equipment to ensure fuel consumption efficiency and emission level is compliant with the local emission standard.

The GHG emissions of the Group are principally derived from fuel combustion from machinery and vehicles owned by the Group ("**Scope 1 emission**") and the consumption of purchased electricity ("**Scope 2 emission**") in headquarter. The GHG emissions are closely linked with the Group's energy consumption. The Group has implemented different measures to optimize the energy efficiency and therefore in turn to reduce the carbon emission. Further details of the measures adopted are stated under the section of "Energy Efficiency".

WASTE MANAGEMENT

Due to the nature of contract works, the Group considers the hazardous waste generated as insignificant. Various types of waste are produced in our business operation including office general waste, food waste and construction waste, while construction waste is the major type of waste generated from our contract works. With the application of 3R principles (Reduce, Reuse and Recycle), the Group has taken a wide range of waste reduction measures to minimize the direct disposal of waste to landfills. Our project teams consider the construction design and methods as well as project work programs to avoid over-ordering of materials to reduce the waste generation at source. We have implemented waste separation management procedures for general waste, recyclable waste, organic and construction waste, and recycling bins, and designated refuse collecting point(s) are arranged at all contract works sites and headquarter to facilitate the material reuse and clean waste recycling. The Group also requires each contract works site to designate site personnel to oversee the onsite housekeeping and cleanliness, in order to reduce the unnecessary material wastage as well as keeping the site condition in a clean and orderly manner. The recyclable non-hazardous waste is consigned to licensed waste collectors for recycling.

Here are some highlights of the waste reduction practices adopted by the Group for overall waste management:

- Use of steel plates to reduce the need for premix;
- Use leftover plywood to make tables for usage on site;
- Introduce developed recycling facility for rubbish disposal;
- Reuse the recycled timber and PVC materials as heavy vehicle wheel choke;
- Reuse wood, timber boards and telescopic frames for barricades as protecting the sides of excavation;
- Consign unused cable drum to environmental-friendly scrap metal contractor for recycling;
- Provide training on waste segregation to assigned workers.

The Group has also adopted green office practice to encourage employees to share responsibilities in reducing waste generation. The instruction of waste sorting has also been provided to our employees to guide them how to deal with recyclable and non-recyclable waste. For example, the beverage bottles should be emptied and rinsed before disposal of the plastic recycling bins. In addition, we fully utilize the electronic applications for internal communication and document circulation to reduce the use of paper and paper disposal. We keep monitoring of printing by employees and reuse the one-sided printed paper for non-essential prints. We avoid the use of single-use disposable items to reduce the amount of waste generated in our office operation. The Group is undergoing the waste reduction target setting and the relevant determined target with steps for target achievement will be disclosed in the coming reports.

USE OF RESOURCES

Energy Efficiency

The Group strives to optimize energy usage throughout our business operations and takes initiatives to promote and achieve higher energy efficiency. Under our operations, diesel and electricity are the main types of energy consumed in the business operations of the Group. Diesel is mainly supplied to mobile machinery and vehicles controlled by the Group, and electricity is principally consumed in our headquarter for daily office operation. The Group has implemented the following measures to enhance energy efficiency:

- Switch off all idle machines and powered mechanical equipment;
- Use LED lighting (rotating light) at office and contract works sites;
- Use of alternating current grid power instead of diesel generators on site;
- Install solar panels for energy supply to the equipment used onsite, including blinker lights and portable traffic lights;
- Maintain regular machinery and vehicle maintenance to ensure the optimal level in fuel efficiency;
- Adopt the use of adequate lighting as specified by Singapore standards for sufficient visibility and minimize generator usage to reduce diesel consumption;
- Make use of appliances and equipment with energy saving and green label, such as refrigerators with 4 NEA ticks, photocopier machines with Energy Saver Green Label, and energy-efficient air condition system, in our office;
- Encourage laptop use by site personnel, which consumes lower energy than personal computer;
- Maintain indoor temperature at an energy-efficient level of 24–26 degree Celsius for comfort at office; and
- Encourage employees to switch off machines and devices, such as computers and monitors when they leave or not in use.

The Group meanwhile engages our employees and site workers to share the responsibility in energy saving, by providing regular training on green best practices, so as to educate them the significance of energy conservation and increase their environmental awareness. The Group is under setting the reduction target of energy use and the relevant target with steps for target achievement will be disclosed in the coming reports.

Water Use

The water consumption of the Group is mainly from our headquarter for daily operation and sanitation. Due to our business nature of cable laying, road milling and resurfacing services and the changed locations of our contract works, limited amount of water is utilized in our projects and no water consumption is quantified. Nevertheless, the Group has taken various measures for water saving in our office operation. For instance, we install water-efficient fittings, such as self-closing taps and dual-flush cisterns, in washrooms and shower rooms and maintain regular inspections of water facilities, plumbing and flushing systems to prevent water dripping and leakage. We also introduce water trucks to contain recycled water, in order to effectively eliminate water wastage. Besides, we convey our employees' awareness in water saving through posters, emails and briefing sessions, and encourage them to cultivate a good habit of water conservation. On the other hand, we use treated recycled water for road cleaning to reduce the amount of freshwater consumption at our worksites. The Group is under setting the reduction target of water use and the relevant determined target with steps for target achievement will be disclosed in the coming reports. During the Reporting Period, the Group did not have issues in sourcing water that is fit for purpose.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group is devoted to minimizing the negative environmental impacts by regular review and assessment of potential and actual environmental-related risks and formulation of appropriate mitigation measures.

In adherence with the requirements of Green and Gracious Manual in line with ISO 14001:2015 standard, our project teams conduct environmental aspects and impact assessment to identify the significant environmental aspects, including emissions to air, releases to water, waste management, noise, contamination of land, use of raw materials and the natural resources, visual impact, environmental legal compliance, as well as their impacts associated with the different project stages of construction activities where appropriate before the commencement of the contact works. Relevant emergency preparedness plans and management procedures are devised to cope with the reasonably foreseeable or emergency situations during the project execution.

Besides, in line with the requirements of Green and Gracious Builders Certification, we strive for procurement of the products and services that are "greener" and environmentally friendly used at our contact works sites and headquarter. For instance, we utilize the printing paper sourced from sustainable fiber and/or forest and the detergent with green label, in order to mitigate adverse environmental impacts.

The Group recognizes that our contract works potentially contribute to noise pollution and nuisance to the surrounding environment. Adhering to the statutory requirement of construction noise control, our project teams have formulated corresponding project noise management plan and executed administrative and operational control measures at all sites to reduce the noise level at the neighborhood. All our contract works are normally scheduled during non-restricted hours and weekdays to minimize the unwanted noise emitted from the works activities. For the noisy activities, our project team will find alternative work method (e.g. Trenchless technology) or carry out excavation work manually when possible to reduce noise level. Based on the hierarchy of controls, the Group adopts the low noise machinery and equipment and implements practical engineering solutions (such as the installation of noise barriers) to minimize the noise nuisance to the community. Noise assessment and monitoring are periodically conducted to ensure the construction noise level complies with the permissible level under the relevant laws and regulations.

CLIMATE CHANGE

Climate change can threaten human health and cause potential disruptions to the ecosystems and biodiversity. As a small low-lying city-state, Singapore is vulnerable to the effects of climate change, and the Groups has identified the following possible climate risks:

Physical risks

- Acute risks: The increased severity of extreme weather events (e.g. typhoon, hurricane) may cause damage to our office buildings, the delivered facade and construction equipment and further interrupt our business operation.
- Chronic risks: The increased severity and frequency of extreme weather events and the changes in precipitation and weather patterns (e.g. flooding caused by heavy rainfall, heatwaves) may create hard working conditions for construction workers and result in submersion and damage to the office building, the delivered facade as well as construction materials and equipment, thereby delaying project timelines. Additionally, more energy consumption caused by heatwaves may render higher operational cost, maintenance cost and/or insurance premium.

Transition risks

- Policy risks: The latest implementation of carbon-pricing mechanisms may push up the price of GHG emissions and operating costs, thereby leading to financial instability.
- Market risks: Higher demand for environmental-friendly goods and design services may be put forward due to the shift in customer preferences. Moreover, limited natural resources and higher transportation cost due to increasing climate-related weather events may increase the costs of raw materials and investment in low-carbon technologies.

To minimize the risks that exert negative impacts on our operation, the Group will study and take into account the recommendations of Task Force on Climate-related Financial Disclosures ("**TCFD**"), with an aim to strengthen the governance in response to climate change and risk assessment on the climate-related risks and opportunities, as well as better understanding of our vulnerabilities for implementing appropriate adaptation solutions in response to the potential climate-related consequences. Besides, the Group will continue to monitor the coming new launch of national strategies, policies and regulations and their associated impacts on our financial status, assets and revenues as well as the operational control of our businesses, so as to get earlier preparation for climate mitigation and adaptation.

OUR PEOPLE

Our employees are the most valuable assets to the Group. Adhering to the people-oriented strategy, the Group is committed to offering a fair, safe and supportive working environment and career development opportunities to our employees, with an objective to attract and retain talents as well as maintaining our competitive advantages and operation efficiency.

The Group has formulated a sound employee management system with a spectrum of human resources management policies to ensure compliance with all relevant labor laws and regulations in Singapore (e.g. the Employment Act, Chapter 91 of Singapore, the Employment of Foreign Manpower Act, Chapter 91A of Singapore, the Central Provident Fund Act and the Employment of Foreign Manpower (Work Passes) Regulations 2012). During the Reporting Period, the Group did not identify any breaches of relevant employment laws and regulations.

EMPLOYMENT AND LABOR PRACTICES

Attractive Working Benefits for Talent Retention

The Group offers competitive compensation and benefits programs to our employees in order to keep our best talents, remuneration packages benchmarked against the current market level, and regular review will be conducted based on the individual performance of our employees to ensure they are remunerated deservingly.

Our employee remuneration packages include basic wages, leaves, fixed working hours, allowances, medical insurance and dental benefit, annual wage supplement discretionary bonus, Central Provident Fund and life insurance plans to all eligible staff. To help our employees to balance their work and their family responsibilities, our employees are also entitled to fringe benefits including marriage leave, maternity leave, paternity leave, shared parental leave, childcare leave, military reserve leave and compassionate leave, apart from annual leaves and statutory leaves. The Group does not encourage overtime work, in exception of the special circumstances (e.g. accident cases and urgent work or interruption of work where impossibly foresee), to guarantee our employees work-life balance. All overtime work is required prior approval by the department heads and employees who work over-time are compensated with the determined overtime rate structure.

Due to our project complexity and time constraint, the Group also employs foreign workers from neighboring Asian countries sourced through referral, references and recommendations to sustain our operation efficiency and on-time project delivery. The Group provides medical insurance, housing and insurance for security bonds for each non-Malaysian foreign workers and levies pursuant to relevant Singapore laws and regulations.

The Group has established staff recognition and caring programs, with an aim to foster a harmonious and family-like corporate culture. The Group presents a long-service award and souvenir for the employees whom work with us for every 10 years of service. The Group also offers wedding gifts and childbirth gifts for our office staff on their marriage or on the birth of their new-born babies to celebrate the joyful moment together. During the Reporting Period, we organized a workshop on nutrition to introduce healthy breakfast and snacking as well as dietary factors that are instrumental in improving concentration at work. On the other hand, the Group concerns about the interests of our employees. The Group has grievance and complaint management policy in place for employees to voice out their concerns and grievances about the staff welfare, job and/or working conditions and discrimination and ensure proper steps and actions taken in resolving such kind of problems.

The Group also offers in-house gym facilities for staff and easy accessibility anytime of the day for exercise and relaxation. In order to follow the epidemic preventive measures and health advice by the local government, the Group temporarily ceased the staff outing and social activities and limited the use of gym facilities when necessary to minimize the spread of virus transmission and safeguard the employees' health. Furthermore, the Group cares for the welfare of our site personnel and provides plumbed toilets, dedicated female washroom, canopy for resting and rain shelters for workers.

Recruitment, Promotion and Dismissal

The Group has formulated recruitment and selection policy, which specifies the standard of recruitment and selection of staff, to ensure the recruitment processes are carried out in a systematic, efficient, and effective manner and attracts talents with the necessary skills and attributes. Recruitment of new employees will commence after employee demand evaluation, then advertised using local or international publications and websites. We recruit and appoint the right person to the right position based on the principles of selection of merits, transparency and equity. Employee contract is terminated only in case of redundancy or the commitment of criminal offence after the validation of internal investigation.

Equal opportunity, diverse and anti-discrimination

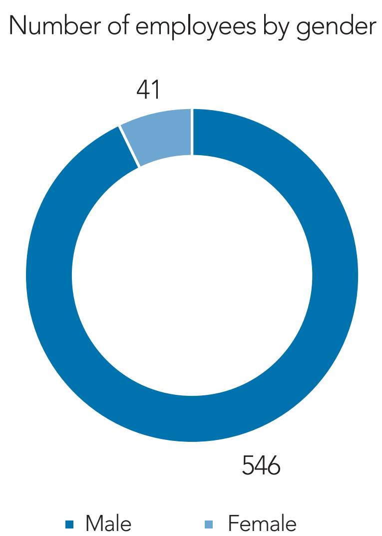
The Group is committed to equal opportunities and being open to diverse perspectives and characteristics. Pursuant to our employee handbook, recruitment and selection policy and employee performance review policy, all existing and prospective employees are fairly treated and selected on the basis of merits (e.g. personal experience, qualifications and competencies), during the process of recruitment, transfer, promotion and performance appraisal, without prejudice to gender, age, race, religion, national origin, family status, disability and other factors unrelated to the position. All employees are protected under the relevant laws and the Group's policies on diversity and inclusion, and any forms of harassment in our workplace are strictly prohibited.

Labor Standard

With respecting and protecting the human rights and freedom, the Group has zero tolerance on the use of child, forced and bonded labor in our business operation and value chain. Our human resources department validates a list of recruitment documents, including but not limited to, the copy of work pass issued by the Ministry of Manpower of Singapore, the work pass application form and the copy of Passport, Entry and Re-entry Permit (for Non-Singaporeans), with the successful candidates to make sure our recruitment is in compliance with the relevant Singapore laws and regulations and no child and/or illegitimate foreign workers are employed. The Group also expects our suppliers upholds the standard of ethical employment practices to share the same goals in protecting the human rights and labor legitimate rights.

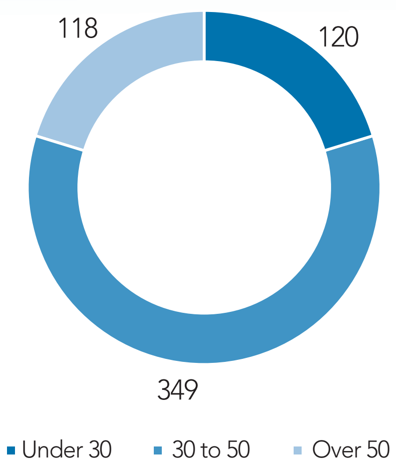
Employee Profile

As of 31 December 2021, the Group had 587 full-time employees in total and the overall employee turnover rate was 22.4% in 2021. The breakdown of the number of employees and the employee turnover rate by gender and age group are shown below.



Employee turnover rate by gender	
Male	22.3%
Female	24.4%

Number of employees by age



Employee turnover rate by age	
Under 30	24.9%
30 to 50	26.0%
Over 50	9.2%

OCCUPATIONAL HEALTH AND SAFETY

Safety comes as our top priority, especially the construction industry is categorized as one of the highest risk industries in occupational health and safety. The Group has a quality, environmental, health and safety policy in place and implemented an occupational health and safety ("**OHS**") management system accredited with ISO45001:2018 standard. This system enables us to determine, control and mitigate the related safety risks and hazards in our daily construction works in an orderly manner and proactively formulate corresponding safety measures to minimize the safety incidents and injuries. The Group has formulated the relevant safe work procedures and set out clear terms for project management approaches in aspects of (i) occupational impact/risk management; (ii) communication, participation and consultation; (iii) emergency preparedness and response; (iv) compliance obligations (including legal compliance and contract obligations); and (v) accident/incident investigation, reporting and gap analysis to minimize the safety risk exposure to our workers and prevent foreseeable safety incidents and injuries.

For our projects as main contractors, the Group assigns workplace safety and health to facilitate the in-house policies and procedures and oversees the housekeeping and cleanliness at sites. In the meantime, they also conduct routine site safety inspections, scheduled workplace safety and health inspections as well as unannounced safety audits to ensure the effective implementation of safety initiatives and implementation measures onsite and the reduction of risk at source by elimination, substitution, engineering controls, administrative controls and proper use of protective personal equipment by our workers to safeguard the workplace safety. In addition, frequent meetings and Top Management safety walk are arranged to ensure all stakeholders understand the safety rules, in-house and client requirements and the potential workplace safety and health hazards with preventive control measures on their mind. In order to uphold the high safety standard at site, various safety awareness training sessions and enhancement programs are held to our workers and subcontractors' workers to strengthen their safe awareness and ownership. To be specific, the Group offers induction safety training to all the site employees and workers during orientation, and relevant training and knowledge sharing (e.g. safety tool-box meetings, in-house briefings and incident sharing sessions) in respect of risks associated with construction works. This aims to raise the worker awareness on accident prevention, the peer and situational awareness safety in response to different occupational safety risks.

The following are the key awareness training, enhancement programs and best industrial practices adopted in our construction sites:

- Safety tool-box meetings and in-house quizzes
- Job safety analysis briefing
- "30/30/30 observation technique"
- "3/3/3 lifting technique"
- Site walks by Senior Leadership Team
- First day induction safety course
- "Safety Recognition Awards" with certificate and voucher for nomination of workers with best safety performance

For the projects we act as subcontractors, we strictly abide by the workplace safety and health procedures, in-house rules and/or industry best practices as required by main contractors. Our site employees and workers also attend the regular site supervision and safety trainings arranged by main contractors to assist the maintenance of onsite safety conditions.

In event of any emergency situations and accident/incidents occurrence, we adhere to the Emergency Preparedness and Response and Incident Investigation management procedure for case handling and undertaking the investigation to fully understand the incident cases, and take immediate corrective actions to rectify the situation when appropriate, with an aim to prevent any accident/incident recurrence.

Safety Measures in response to Novel Coronavirus ("COVID-19") epidemic

At the height of COVID-19 pandemic, the Group spares no efforts to work with our employees and different stakeholders to minimize chances of infection and defeat the pandemic. We have recognized that poor planning and lack of awareness of appropriate control measures are likely to lead to occupational diseases and infection of other individuals, thereby probably rendering fatality. Therefore, we have performed the epidemic risk assessment to identify and evaluate the potential hazards and the hazards cause from the dimensions of severity and likelihood, so as to develop effective action plans accordingly. To effectively tackle the epidemic, we always uphold the principle of safe social distancing and have devised a multi-pronged approach during our daily operations, from employee management to on-site initiatives, to alleviate the effects of the pandemic on a broader scale. We have arranged to work from home schedule for employees who are able to perform telecommute, especially those most susceptible to the virus, to protect other colleagues' safety. As for essential workers that telecommuting is not available, policies such as stagger working hours and no cross-deployment have been implemented to reduce physical interaction at workplaces. Temperature monitoring is conducted twice a day, and all new workers must fill up the travel declarations forms to ensure all workers are fit to work prior to starting their work shift and control any site contaminations for virus spread.

We offered personal protective equipment such as medical-grade surgical mask, industrial face attachment guard to our employees and workers and set up hand sanitisers stations and/or handwashing facilities in the workplace to maintain a hygienic working environment. All workers must wear the surgical mask when entering the contract works sites and regular sanitation of common areas and dormitory is maintained. In event of our employees and workers feel unwell, they are instructed to seek medical advice immediately and report to the management. the emergency response plan has been formulated to handle the suspected infection case(s), and regular health checks would also be put in place if infections are discovered. Our safety management officers conduct inspections and checks at our contract works sites to ensure the proper implementation of safety measures at all times and communicate the safety working guidelines under COVID-19 period through toolbox talk training to ensure all workers strictly abide by the safety in-house rules.

The Group has also been awarded with bizSafe Star Level (Certification) accredited by the Workplace Safety and Health Council in Singapore since 2011. We will continue to devote our efforts by investing adequate resources and manpower to enhance the overall safety management at sites.

During the Reporting Period, the Group has complied with all the relevant health and safety laws and regulations (e.g. the Workplace Safety and Health Act, Chapter 354A of Singapore, the Work Injury Compensation Act, Chapter 354 of Singapore, the Workplace Safety and Health (Registration of Factories) Regulations 2008, Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009, the Workplace Safety and Health (Construction) Regulations 2007 and the Work Injury Compensation Bill 2019). The Group recorded 26 injury cases with 195 man-days lost as a result.

Occupational Health and Safety	**2021**	2020	2019
Number of work-related fatalities	0	0	0
Number of work-related injury cases	26	22	32
Lost days due to work injury	195	284	133

NURTURING OUR TALENTS

The Group is dedicated to enriching our people's professional skills through training opportunities to continually upgrade themselves with expertise and experience. Our employees are strongly encouraged to grasp any learning opportunities to fully realize their potential and to fuel the long-term growth with the Group as a whole.

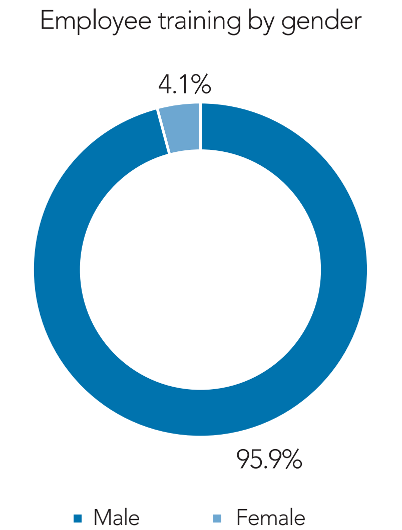
The Group has formulated Training and Development policy to standardize procedures for accessing education and training for all employees and develop their skills and knowledge to meet the present and future changing needs of the industry. Our heads of departments identify the training needs of our employees during day-to-day supervision and based on the result of employee performance appraisal development review. Targeted and relevant training sessions will be provided accordingly to ensure maximum effectiveness can be achieved and that our employees could attain personal development during their employment period. Our employees can also come forward and approach their supervisors if a course relevant to their current jobs interests them, with sufficient justification and potential benefits, approvals or even educational sponsorships for our employees could be granted.

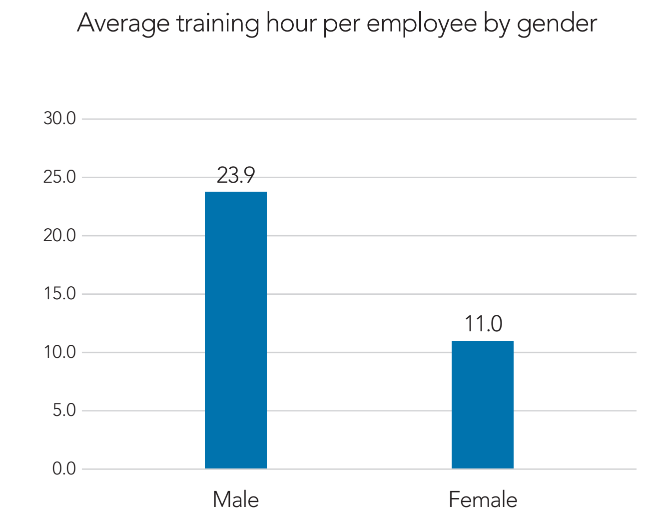
On-boarding orientation trainings are offered to our all newcomers, covering the introduction of company structure and policy, employee benefits, letter of appointment and job description to ensure they swiftly adapt to the new environment and fully understand their rights and responsibilities. Besides, a wide range of training is provided to our employees in which are designed to align with the responsibilities of different staff positions. For instance, cable detection, manhole course, pavement course, and first aid course are given to our operational employees throughout their employment period. For our management team, there would be supervisor trainings, project and safety management courses provided as per the ISO management procedure. Apart from the in-house pre-approved training courses, the Group arranges our employees to attend external training courses organised by our suppliers or industry partners to enhance their technical knowledge and expertise. The Group also encourages our employees to participate in relevant local and overseas seminars, conferences and trade expositions to broaden their horizons and keep abreast with the latest knowledge in the relevant civil engineering field.

Employees who have undertaken the training courses are required to provide their feedback on the value and effectiveness of the attended training program. The collected results will be functioned as indicators for continual improvement of the training arrangement, process and performance. Moreover, employees may also be asked to have knowledge sharing sessions with others upon completion of the course. By allowing our employees to demonstrate their skills and knowledge gained through training in their jobs, and to share the knowledge obtained with other colleagues, the skillsets of employees have improved at both individual and corporate levels as a whole.

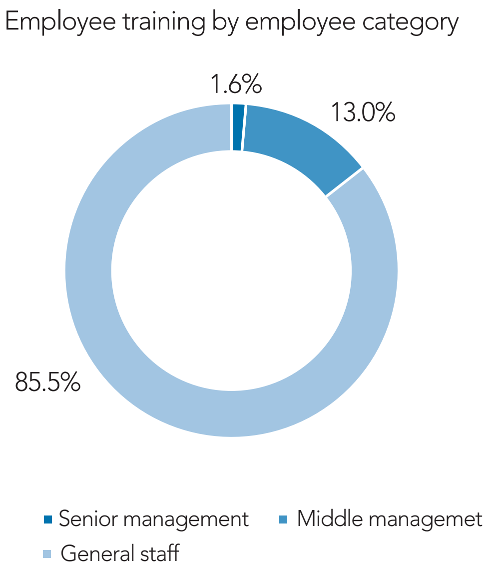
	2021	
	Percentage of employees received training	Average training hour per employee
Total	75.0%	23.0

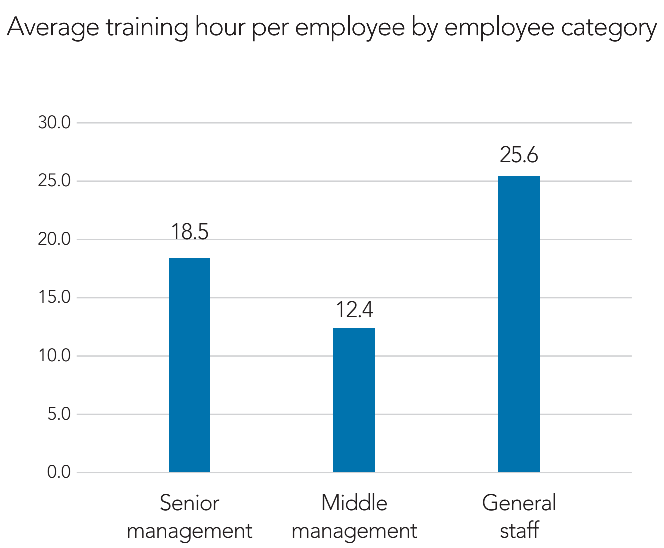
Percentage of employees trained by gender in 2021





Percentage of employees trained by employee category in 2021





PRODUCT AND SERVICE EXCELLENCE

Managing our Supply Chain

The Group highly values the long-term cooperation and strategic partnership with our business partners, including subcontractors, suppliers and service providers, which is crucial to mutually sustain our competitive advantage in our industry. We endeavor to operate with suppliers and subcontractors who share similar values and uphold high standards of business ethics, quality-safety-environment management and labor management.

The Group has established a sound procurement management system in supplier selection and performance assessment to ensure the purchase of materials and procurement of services are in a systematic manner and meet the customer requirements. The Group has set up an approved list of subcontractors and suppliers as one mean in managing the supplier performance for material suppliers and service providers. For the prospective new suppliers and subcontractors into the approved list, the Group assesses their performance and qualification based on the following criteria:

- quality of materials (for material suppliers);
- quality of works (for service providers);
- sufficiency of machinery and labor (for service providers);
- previous relevant trade experience, track records and reference and delivery capability;
- delivery time and reputation;
- cost; and
- compliance with safety and statutory requirements.

With respect to proper managing the environmental and social risks along our supply chain, the Group gives priority to the prospective and existing suppliers and subcontractors who have establish comprehensive certified environmental, health and safety, labor management and quality management system (e.g. ISO 9000, 14001 and 45001 management certifications and bizSAFE certification) and/or can provide the "greener" and environmental-friendly products or materials in line with the required material specifications where applicable, in order to lower the adverse impact on the environment and the society. In fostering the practices of green procurement along the business operations, we select paper certified with the Program for the Endorsement of Forest Certification (PEFC) as well as hand soap and dish soap made with eco-friendly formula, and two of our suppliers, Craftston International Pte ltd and Supersteam Asia Pacific Pte Ltd were granted the "Eco-friendly Building Material" and "Environmentally Preferred Floor Cleaner" by the Singapore Environment Council.

The Group periodically carries out the supplier performance assessment from time to time (either at the completion of the sub-contract works or at the end of the project) in respect of quality, timeliness, responsiveness, communication skills, product knowledge as well as environmental, health and safety compliance and commitment, to ensure their consistent quality of products and/or services provision are up to our requirements and standards. If the subcontractors or supplier performance consecutively fails to fulfil the contractual requirements, they are subjected to delist from our approved list and suspension to product and service provision.

We obtain adequate quotation or tender submission (at least three quotations) for price comparison and capability evaluation to maintain a fair and open competition in the tendering process. Our project teams and quantity surveyors will have a technical tender review and examine the tenders' ability and their satisfactory past performance in conformance with the contractual requirements, specifications and/or other requirements. All tenders are expected to maintain ethical business conducts and strictly prohibited offer any form of bribery to our employees. Employees who have conflicts of interest with the suppliers are not allowed to involve in corresponding business activities in order to ensure unbiased decision in tendering processes.

During the Reporting Period, the Group has 129 qualified suppliers, and all are based in Singapore.

PRODUCT RESPONSIBILITY

Quality Assurance and Safety of Contract Works

Performing exceptional quality of civil engineering utilities works is significant to obtain higher customer satisfaction and sustain our business growth and development. To achieve this objective, the Group has obtained bizSAFE Level Star (Certification) since 2011 and implemented a quality management system accredited with ISO 9001:2015 standard in our operation to consistently deliver the construction services with excellent quality. The Group has complied with the relevant laws and regulations related to service quality and safety and privacy matter, such as Building Control Act, Chapter 29 of Singapore, Building and Construction Industry Security of Payment Act and the Personal Data Protection Act. During the Reporting Period, the Group did not aware of any litigation case of all the relevant laws and regulations.

In pursuit of quality and efficiency in our contract works, our project department will form and delegate a project team for each committed project. Our project team follows the contract requirements and specifications to determine the detailed construction master program and formulate the project quality plan to closely control and monitoring the progress of the project construction works, in order to ensure on-time project service delivery and its quality.

Besides, our project manager determines the resources (e.g. machinery and raw materials) and manpower required at each stage of project life cycle, from material purchasing, incoming material inspection and testing, construction stage, final inspection and testing to completion, to make appropriate deployment accordingly. Our project engineers oversee the quality and implementation of technical works, while our quantity surveyors monitor the procured materials and supplies through strict onsite quality control inspections and acceptance checks, to ensure they are undergone in line with the approved drawings and method statements, as well as complying with the requested internal standards, statutory requirements and customer specifications. In event of any non-conformance of materials delivery and construction works is identified, the project team will request our suppliers and subcontractors to take prompt actions to rectify the situation and preventive actions for avoiding recurrence.

Our project team also organizes regular progress meetings with our suppliers and subcontractors to properly identify and address the potentials quality risks in contract works and the defects found in a timely manner. When necessary, we will conduct on-site inspection with our customer representative as requested to demonstrate our contract works are in line with the contractual obligations and specifications.

The Group understands that our execution of contract works contribute to the possible traffic obstruction and accessibility may exist, especially the cable installation works and road milling and resurfacing services. Regarding this, we have taken serval traffic control measures to ensure the public safety, which are highlighted as follows:

— provide sufficient and clear road traffic signs to inform public near to the work zone and guide both motorists and pedestrians;
— deploy professional traffic controllers at major road junction for traffic control;
— operate vehicles/trucks only by the licensed operators;
— inform suppliers and subcontractors to schedule their drivers' time of arrivals to prevent queueing of construction vehicles;
— set proper signboards to direct pedestrians and designate temporary footpath for public access properly; and
— provide vehicular barrier for passageways located close or next to road.

Customer Complaint Handling

In order to proper address the customer complaints during the construction stage and defect liability period, our project teams have established a set of management procedures in handling the customer enquiries, feedback and complaints. Upon receipt of the customer feedback and/or complaints, we will review and investigate the issues, co-ordinate rectification work of defects with our subcontractors where necessary and verify the completion of the work with our customers. The project team will also identify the root causes, evaluate the needs for actions that prevent recurrence and improve the current management procedures for continuous improvement. During the Reporting Period, we have no products or services subjects to recalls for safety and health reasons, and received no customer complaint regarding the provision of products and services.

Customer Data Privacy and Intellectual Rights

The Group is committed to protecting the customer information privacy. To comply with the Personal Data Protection Act of Singapore, the Group has set out clear confidentiality obligations in our employee contract and requires all our employees to strictly follow during and after their employment period. For instance, all the employees must use their best endeavors to secure all confidential information, including but not limited to any trade secrets, information of business development, operations, processes, dealings, confidential information with regard to suppliers, clients and customers and other matters relating to the Group, and strictly prohibited to disclose, communicate, use or copy to the unauthorized third parties without prior consent by the Group. The relevant employees involved in the contract works, in which confidentiality is contractually required, are required to execute a Non-Disclosure Agreement for privacy protection. The Group has also installed proper IT security software such as firewall, anti-virus, and anti-spam solutions to prevent accidental leakage of confidential information. No illegal or unauthorized IT software are allowed to be installed by our employees in their computers in order to safeguard the infringement of intellectual rights.

INTEGRITY OF BUSINESS OPERATION

The Group exacts zero tolerance policy in any form of corruptions, bribery frauds and all other unethical behaviors, in which irreparably undermining the corporate business integrity and reputation. Our code of conduct, as outlined in our employee handbook, specifies the Group's expectations on the behavioral standard of our employees under the business activities. To be specific, employees are strictly prohibited to solicit and/or receive any advantages (e.g. gifts, entertainment and commission etc.) from our customers and business partners directly or indirectly.

The Group also has whistle-blowing policy in place for employees and stakeholders (e.g. consultants, vendors, contractors, and/or any other parties etc.) of the Group to report any concerns on improprieties or suspected improprieties in good faith through our established reporting channels, such as email, telephone and post.

In event of whistle-blowing report(s) received, the case(s) will be escalated to senior management, Chairman of the Audit & Risk Committee and the Chairman of the Board, depending on the parties involved in the whistle-blowing report, and then will appoint an investigating officer to follow up and verify the reported case when appropriate. The Group strictly keeps the identity of whistle-blower and the reported information in a confidential manner as practically possible to protect whistle-blower against any retaliation and victimization. The investigating officer will inform and report the complainant about the progress of the investigation, the outcome of the investigation and the follow-up action (if any) in written form. All the results of investigation findings are properly recorded and documented and will be passed to CEO as appropriate. The Group will consider if the Group should report to relevant authorities for further handling based on the seriousness of the case and investigation findings.

We are planning to establish the anti-bribery management systems with the ISO 37001:2016 standards and provide relevant anti-bribery and anti-corruption training in the coming year. During the Reporting Period, the Group has strictly abided by the Prevention of Corruption Act of Singapore, and did not identify any concluded legitimate case regarding corruption practice brough against from the Group or our employees.

OUR COMMUNITIES

The Group is committed to giving back to communities where we operate, by leveraging our resources and engaging our employees to devote their time and services to charitable organizations and community programs.

Due to our business nature, our contract works may occasionally cause the community disturbances. Hence, the Group actively communicate and maintain a close relationship and open lines of communication with nearby residents and institutions, providing them with project updates or insights. To further mitigate negative effects to a minimum, the Group sends notification letter or memos to neighboring residents to inform them of the major work and key milestones of our contract works. Besides, the Group establishes different communication channels to stakeholders, including hotline, company website, email and letters, and designates site personnel at each site to handle external feedback and complaints in order to maintain a two-way communication and harmonious relationship with our communities.

KEY PERFORMANCE INDICATORS

Environmental Performance

	Unit	2021[1]	2020
GHG emissions[2]			
Direct GHG emissions (Scope 1)	tCO_2e	4,804.02	1,528.20
Indirect GHG emissions (Scope 2)	tCO_2e	448.42	240.91
Other Indirect GHG emissions (Scope 3)[3]	tCO_2e	–	9.23
Total GHG emission	tCO_2e	5,252.43	1,778.33
GHG intensity[4]			
— Offices	tCO_2e/m^2	0.03	0.03
— Contract Works	tCO_2e/million project revenue	56.76	29.17
Waste management[5]			
Construction waste	Tonne	100,796.50	99,590.97
Recycled quarry dust	Tonne	34,086.88	21,209.20
Recycled graded stone	Tonne	23,692.77	11,974.53
Energy consumption			
Diesel	L	1,767,612.29	562,291.93
	MWh	18,919.18	6,018.35
Electricity[6]	MWh	1,099.06	589.75
Total Energy Consumption	MWh	20,018.24	6,608.09
Energy intensity			
— Offices	MWh/m^2	0.07	0.08
— Contract Works	MWh/million project revenue	223.53	114.89
Water consumption[6]	m^3	49,795.18	47,866.00
Water intensity	m^3/m^2	3.21	6.38

Social Performance

	Unit	2021[1]
Total number of employees[7]	Number of people	587
By gender		
Male	Number of people	546
Female	Number of people	41
By age		
Under 30	Number of people	120
30–50	Number of people	349
Over 50	Number of people	118
By employment type		
Full-time	Number of people	587
Part-time	Number of people	0
By geographical region		
Singapore	Number of people	587
Employee turnover[8]		
By gender[9]		
Male	%	22.3
Female	%	24.4
By age[10]		
Age under 30	%	24.9
Age 30–50	%	26.0
Age over 50	%	9.2
By geographical region		
Singapore	%	22.4
Occupational safety and health		
Number of fatalities	Number	0
Number of injuries cases	Number	26
Lost days due to work injuries	day	195
Percentage of employees trained		
By gender		
Male	%	95.9
Female	%	4.1
By employee category		
Senior management	%	1.6
Middle management	%	13.0
General staff	%	85.5

	Unit	2021[1]
Average training hours completed per employee		
By gender		
Male	Hour	23.9
Female	Hour	11.0
By employee category		
Senior management	Hour	18.5
Middle management	Hour	12.4
General staff	Hour	25.6
Number of suppliers		
By geographical region		
Singapore	Number	129
Product and service quality		
Number of complaints	Number	0
Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the Group or our employees	Number	0

Notes:

1. Due to the business nature of civil engineering utilities works, no packaging material is consumed in the business operation as the Group is not engaged in manufacturing industry. Therefore, the use of packaging materials is not applicable to the Group. The Group is under constructing the data collection system of the vehicle driving mileage, the relevant emission data will be disclosed in the coming reports.

2. The calculation of GHG emission data is with reference to "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Business Council for Sustainable Development, "How to prepare an ESG Report-Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX and the latest Electricity Grid Emissions Factors issued by Energy Market Authority of Singapore government.

3. The other indirect GHG emissions (Scope 3) covers the emission from the business travel of employees only, while there was no business travel during the Reporting Period due to COVID-19.

4. The figure of GHG intensity is the sum of Scope 1 GHG emission and Scope 2 GHG emission divided by the total floor area and the total project revenue respectively. The total area of offices is approximate 15,531m^2 and the total contract works revenue of 2021 is approximately S$84.64 million. The data is also used for the calculation of other intensity data.

5. The Group generated very limited hazardous waste during the Reporting Period, which was considered as insignificant to the contribution to the environmental impacts. Hence, there is no relevant data disclosure in the Report.

6. The data only covers the consumption by the headquarter and offices. Due to the daily location change of project works activities, there is no available data of electricity and water consumption for data collection and disclosure.

7. The figure of employee number is calculated based on the number of headcounts of the Group as of the end of the Reporting Period.

8. Employee turnover refers to voluntary resignations, retirement or dismissal during the Reporting Period.

9. Turnover rate refers to total number of employee turnover of the gender group divided by the total number of employees of the corresponding gender group.

10. Turnover rate refers to total number of employee turnover of the age group divided by the total number of employees of the corresponding age group.

HKEX ESG REPORTING GUIDE INDEX

ESG Reporting Guide		Section
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Governance
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About the Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About the Report

ESG Reporting Guide		Section
A. Environmental		
Aspect A1: Emissions		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Environment — Emission Our Environment — Waste Management Our Environment — Use of Resources
KPI A1.1	The types of emissions and respective emission data.	Key Performance Indicators
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Our Environment — Emission Our Environment — Use of Resources
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Our Environment — Waste Management
Aspect A2: Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environment — Use of Resources
KPI A2.1	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).	Key Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performance Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Our Environment — Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Our Environment — Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Key Performance Indicators

ESG Reporting Guide		Section
Aspect A3: The environment and Natural Resources		
A3	General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.	Our Environment — 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.	Our Environment — The Environment and Natural Resources
Aspect A4: Climate Change		
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Our Environment — Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Environment — Climate Change
B. Social		
Aspect B1: Employment		
B1	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.	Our People — Employment and Labor Practices
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Key Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Indicators
Aspect B2: Health and Safety		
B2	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.	Our People — Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Indicators
KPI B2.2	Lost days due to work injury.	Key Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Our People — Occupational Health and Safety

ESG Reporting Guide		Section
Aspect B3: Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our People — Nurturing our Talents
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Indicators
Aspect B4: Labor Standards		
B4	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 labor.	Our People — Employment and Labor Practices
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Our People — Employment and Labor Practices
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our People — Employment and Labor Practices
Aspect B5: Supply Chain Management		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	Product and Service Excellence — Managing our Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Key Performance Indicators
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Product and Service Excellence — Managing our Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Product and Service Excellence — Managing our Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Product and Service Excellence — Managing our Supply Chain

ESG Reporting Guide		Section
Aspect B6: Product Responsibility		
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product and Service Excellence — Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No sold products subject to recalls for safety and health reasons during the Report Period
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Key Performance Indicators
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product and Service Excellence — Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product and Service Excellence — Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product and Service Excellence — Product Responsibility
Aspect B7: Anti-Corruption		
B7	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.	Integrity of Business Operation
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.	Key Performance Indicators
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Integrity of Business Operation
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Integrity of Business Operation

ESG Reporting Guide		Section
Aspect B8: Community Investment		
B8	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.	Our Communities
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Our Communities
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Communities

MOORE

Moore Stephens CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大華馬施雲
會計師事務所有限公司

To the shareholders of Wei Yuan Holdings Limited
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wei Yuan Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 74 to 166, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board 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 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.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are revenue recognition from construction contracts and impairment assessment of trade receivables and contract assets.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from construction contracts Refer to Notes 3.18 and 7 to the consolidated financial statements	
For the year ended 31 December 2021, the Group recognised revenue from construction contracts amounting to S$91,077,000. The recognition of revenue for the Group's construction contracts is based on the progress of contract activities by reference to the inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation at the end of the reporting period. The recognition of revenue and direct costs related to the contract work relies on the management's estimation of the progress and outcome of the projects, which is on the basis of agreements, quotations or other correspondences from time to time provided by the major contractors or suppliers involved and the experience of the management. As to keep the budget accurate and up to date, the management conduct periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred and the profitability assessment of on-going construction contracts. We focused on this area due to the significant judgement and estimates involved in determining the total contract revenue, budgeted costs and progress of the related contract work.	We performed the following procedures in assessing management's estimates of the total contract revenue, budgeted costs and progress of the related contract work: a. We understood, evaluated and tested management's key internal controls that are present for the Group's budgeting process and cost accumulation process for construction projects; b. We inspected, on a sampling basis, the signed contracts, variation orders and payment certificates and other correspondences with the customers to assess the reasonableness of the management's estimate on total contract sum; c. We discussed with project managers the status of the projects, to identify any variation and claims for selected projects on a sampling basis, and obtained explanations for fluctuations in margins. We obtained corroborative evidence by inspecting minutes of management's regular internal meetings and correspondences with customers, as appropriate;

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from construction contracts (continued)	d. We evaluated, on a sampling basis, the accuracy of direct costs recognised to date by checking to the supplier invoices and delivery notes of construction material consumed, invoices or payment application from sub-contractors, payroll records on staff costs or other supporting documents to evaluate the progress of respective projects; e. We recalculated the estimate of the progress of contract work based on the latest budgeted costs and total actual costs incurred; f. We assessed the reliability of the approved budgets by comparing the actual outcome against the management's estimation of completed construction contracts, on a sample basis; g. We checked the mathematical accuracy of the calculation of contract revenue based on the estimate of the progress of contract work; and h. We evaluated reasonableness of percentage of completion of construction contracts in progress by comparing the percentage calculated based on the costs incurred at the end of reporting period against that calculated based on external surveyors' certification, on a sampling basis, and investigate any significant differences identified.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables and contract assets	
Refer to Notes 3.8.4, 20 and 21 to the consolidated financial statements	
As at 31 December 2021, the Group's net trade receivables and contract assets amounted to approximately S$4,855,000 and S$58,477,000 respectively, representing approximately 4.1% and 49.8% of the total assets of the Group respectively. The Group's aggregate lifetime expected credit loss ("**ECL**") on trade receivables and contract assets as at 31 December 2021 amounting to approximately S$311,000 and S$821,000, respectively. The management of the Company performed periodic assessment on the recoverability of the trade receivables and contract assets and the sufficiency of the allowance for ECL. Management's estimate of the amount of loss allowance for trade receivables and contract assets was based on the credit risk of respective trade receivables and contract assets after considering the credit profile of respective customers, ageing analysis, historical settlement records, and on-going trading relationship with the relevant customers. The management also considered the forward-looking information that may impact the customers' ability to repay the outstanding balances. We focused on this area due to the significant judgement and estimates involved in the management's assessment of the recoverability of the customers.	We performed the following procedures in assessing management's impairment assessment of trade receivables and contract assets: a. We understood, evaluated and tested management's key internal control and procedures for managing, monitoring the billing and collection process and assessing the recoverability of trade receivables and contract assets; b. We obtained the ageing analysis of trade receivables and contract assets and discussed with the management about their evaluation of the background, financial capability of the debtors, evaluation of the impact of disputes with customers and any unforeseen delay of the construction projects and their credit assessment that the amounts were recoverable; c. We tested the integrity of information used to develop the provision matrix, including ageing analysis of trade receivables and contract assets, on a sampling basis, to the underlying financial records and post year end settlements; d. We inquired the management for (i) the status of each of the material trade receivables past due as at the year end and (ii) the billing status of each of material contract assets, and corroborated explanations from the management with supporting evidence;

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables and contract assets (continued)	e. We assessed the appropriateness of the provisioning methodology and challenged the management's basis and judgement in determining credit loss allowance on trade receivables and contract assets as the reporting date, including the reasonableness of grouping in the provision matrix, the basis of estimation of loss rates for debtors and forward-looking information, especially the market data with particular focus on the impact of the pandemic; f. We tested the accuracy and completeness of key data used by the management to determine the ECL, on a sampling basis; and g. We evaluated the adequacy and appropriateness of disclosures regarding the impairment assessment of trade receivables and contract assets in the consolidated financial statements.

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 of the Group and the financial statements of the Company and our auditor's reports 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 the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the International Accounting Standards Board 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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 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 judgement 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 of the Company.

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

- 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.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threat or safeguards applied.

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

Moore Stephens CPA Limited
Certified Public Accountants

Hung, Wan Fong Joanne
Practising Certificate Number: P05419
Hong Kong, 23 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 S$'000	2020 S$'000
Revenue	7	**93,203**	57,117
Cost of sales		**(80,029)**	(52,731)
Gross profit		**13,174**	4,386
Other income and other gains, net	8	**2,382**	5,060
Administrative expenses		**(10,133)**	(11,704)
Allowance for impairment of trade receivables and contract assets	20, 21	**(913)**	(161)
Operating profit/(loss)	9	**4,510**	(2,419)
Finance income	11	**15**	10
Finance costs	11	**(1,115)**	(897)
Share of loss of joint ventures, net of tax	17	**(616)**	(392)
Profit/(loss) before income tax		**2,794**	(3,698)
Income tax expense	12	**(661)**	(78)
Profit/(loss) for the year		**2,133**	(3,776)
Profit/(loss) for the year attributable to:			
Equity holders of the Company		**1,547**	(3,824)
Non-controlling interests		**586**	48
		2,133	(3,776)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**34**	202
Share of other comprehensive income of a joint venture, net of tax	17	**31**	–
Other comprehensive income for the year, net of tax		**65**	202
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**1,612**	(3,622)
Non-controlling interests	30	**586**	48
		2,198	(3,574)
Earnings/(loss) per share (expressed in Singapore cents per share)			
Basic and diluted	13	**0.15**	(0.37)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 S$'000	2020 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**23,596**	17,332
Right-of-use assets	26	**4,058**	1,427
Investment properties	15	**1,985**	380
Investments in joint ventures	17	**4,084**	4,669
Other financial assets	18	**87**	86
Deposits	22	**–**	715
Deferred income tax assets	28	**171**	117
		33,981	24,726
Current assets			
Inventories	19	**1,395**	908
Trade receivables	20	**4,855**	5,621
Contract assets	21	**58,477**	56,266
Deposits, prepayments and other receivables	22	**3,102**	5,502
Pledged bank deposits	23	**556**	207
Cash at bank and on hand	23	**15,069**	8,059
		83,454	76,563
Current liabilities			
Trade and retention payables	24	**13,126**	10,037
Accruals, other payables and provisions	25	**4,787**	3,566
Contract liabilities	21	**1,559**	–
Current income tax liabilities		**568**	664
Bank and other borrowings	27	**37,396**	32,861
Lease liabilities	26	**676**	657
		58,112	47,785
Net current assets		**25,342**	28,778
Total assets less current liabilities		**59,323**	53,504

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 S$'000	2020 S$'000
Non-current liabilities			
Deferred income tax liabilities	28	**175**	12
Bank and other borrowings	27	**2,063**	1,418
Lease liabilities	26	**3,469**	823
Provisions	25	**706**	539
		6,413	2,792
Net assets		**52,910**	50,712
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	**1,915**	1,915
Share premium		**15,475**	15,475
Revaluation reserve		**586**	586
Other reserve		**10,413**	10,413
Exchange reserve		**267**	202
Retained earnings		**21,963**	20,416
		50,619	49,007
Non-controlling interests	30	**2,291**	1,705
Total equity		**52,910**	50,712

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 74 to 166 were approved and authorised for issue by the Board of Directors on 23 March 2022 and are signed on its behalf by:

Mr. Ng Tian Soo
Director

Mr. Ng Tian Fah
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to equity holders of the Company								
	Share capital S$'000	Share premium S$'000	Revaluation reserve S$'000	Other reserve *(note)* S$'000	Exchange reserve S$'000	Retained earnings S$'000	Total S$'000	Non-Controlling interests S$'000	Total S$'000
At 1 January 2020	5,850	–	586	4,563	–	24,240	35,239	1,657	36,896
Loss for the year	–	–	–	–	–	(3,824)	(3,824)	48	(3,776)
Exchange difference arising on translation	–	–	–	–	202	–	202	–	202
Total comprehensive loss for the year	–	–	–	–	202	(3,824)	(3,622)	48	(3,574)
Transaction with equity holders of the Company:									
Elimination of share capital pursuant to the Reorganisation (Note 29)	(5,850)	–	–	5,850	–	–	–	–	–
Share issue pursuant to the Capitalisation (Note 29(iii))	1,436	(1,436)	–	–	–	–	–	–	–
Share issue pursuant to the Listing (Note 29(iv))	479	22,504	–	–	–	–	22,983	–	22,983
Listing expenses charged to share premium	–	(5,593)	–	–	–	–	(5,593)	–	(5,593)
At 31 December 2020 and 1 January 2021	**1,915**	**15,475**	**586**	**10,413**	**202**	**20,416**	**49,007**	**1,705**	**50,712**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**1,547**	**1,547**	**586**	**2,133**
Exchange difference arising on translation	**–**	**–**	**–**	**–**	**34**	**–**	**34**	**–**	**34**
Share of other comprehensive income of a joint venture, net of tax	**–**	**–**	**–**	**–**	**31**	**–**	**31**	**–**	**31**
At 31 December 2021	**1,915**	**15,475**	**586**	**10,413**	**267**	**21,963**	**50,619**	**2,291**	**52,910**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Note: Other reserve comprised of (i) the difference between issued share capital of the Company issued during the Reorganisation for the listing of the Company, and the aggregate value of the respective share capital/paid-in capital of the companies comprising the Group before the Reorganisation; and (ii) the difference between the nominal value of share capital of subsidiaries acquired by the Group in prior years and the consideration paid to the shareholders of those subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 S$'000	2020 S$'000
Cash flows from operating activities			
Net cash generated from/(used in) from operations	33(a)	**17,660**	(14,287)
Income tax paid		**(648)**	(1,330)
Interest received		**15**	10
Net cash generated from/(used in) operating activities		**17,027**	(15,607)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	33(b)	**292**	302
Purchase of property, plant and equipment		**(2,040)**	(3,332)
Repayment from related party		**–**	2,200
Investment in joint venture	17(i)	**–**	(4,400)
Changes in pledged bank deposits		**(349)**	837
Net cash used in investing activities		**(2,097)**	(4,393)
Cash flows from financing activities			
Interest paid	33(c)	**(1,094)**	(877)
Proceeds from issuance of new shares upon Listing	29(iv)	**–**	22,983
Payment of listing expenses directly attributable to issue of shares		**–**	(5,593)
Proceeds from bank borrowings	33(c)	**35,164**	47,278
Repayments of bank and other borrowings	33(c)	**(42,823)**	(34,336)
Repayments of obligations under leases	33(c)	**(771)**	(631)
Net cash (used in)/generated from financing activities		**(9,524)**	28,824
Net increase in cash and cash equivalents		**5,406**	8,824
Cash and cash equivalents at beginning of the year		**8,059**	(834)
Exchange difference for bank balance not denominated in S$		**(6)**	69
Cash and cash equivalents at end of the year		**13,459**	8,059
Analysis of the balances of cash and cash equivalents			
Cash at bank and on hand	23	**15,069**	8,059
Bank overdrafts	27	**(1,610)**	–
		13,459	8,059

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. GENERAL INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands on 15 May 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is 37 Kranji Link, Singapore 728643.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") by way of public offer of the shares on 12 March 2020.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in carrying out civil engineering projects in Singapore. The ultimate holding company of the Company is WG International (BVI) Limited ("**WGI BVI**"), a company incorporated in the British Virgin Islands and the ultimate controlling parties of the Group are Mr. Ng Tian Soo ("**NTS**"), Mr. Ng Tian Kew ("**NTK**"), Mr. Ng Tian Fah ("**NTF**"), Ms. Ng Mei Lian ("**NML**"), and Mr. Chai Kwee Lim (collectively the "**Controlling Shareholders**").

2. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which collective term includes all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) ("**HKCO**"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and the life insurance policy classified as financial assets at fair value through profit or loss, which are carried at fair value. The consolidated financial statements are presented in Singapore dollars ("**S$**"). All values are rounded to the nearest thousand except when otherwise indicated. The directors of the Company considered Hong Kong dollars ("**HK$**") as the functional currency of the Company since the business transactions, in terms of operating, investing and financing activities of the Company itself are mainly denominated in HK$.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

2. BASIS OF PRESENTATION *(continued)*

Adoption of new or amendments to IFRSs

In the current year, the Group has adopted for the first time the following new or amendments to IFRSs issued by IASB, which are relevant and mandatorily effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2021:

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

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

The adoption of the above new or amendments to IFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in these consolidated financial statements.

New or amendments to IFRSs not yet effective

The following are new or amendments to IFRSs that have been issued, but are not yet effective and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendment to IFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 cycle	1 January 2022

2. BASIS OF PRESENTATION *(continued)*

New or amendments to IFRSs not yet effective *(continued)*

The Group has already commenced an assessment of the related impact to the Group of the above new or amendments that are relevant to the Group upon initial adoption. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial position and results of operations.

3. 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 years presented, unless otherwise stated.

3.1 Subsidiaries

Consolidation

A subsidiary is an entity (including a structured entity) 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 over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations not under common control*

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the concentration test is not met, or if the Group elects not to apply the test, the Group shall then perform the assessment to determine if the inputs and substantive process that together significantly contribute to the ability to create output are present, and to determine whether the set of activities and assets is a business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 Subsidiaries *(continued)*

Consolidation *(continued)*

(a) *Business combinations not under common control (continued)*

Optional concentration test (continued)

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

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

Intra-group 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. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 Subsidiaries *(continued)*

Consolidation *(continued)*

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the equity holders of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

(d) *Investments in subsidiaries*

Investments in subsidiaries (included in Note 37) are accounted for at cost less impairment. 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 dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in joint venture are accounted for using equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the equity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The Group assesses whether there is an objective evidence that the investment in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the policy described in Note 3.7.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Joint ventures *(continued)*

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests. When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

3.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the companies comprising the Group are measured using the currency of the primary economic environment in which these companies operate (the "**functional currency**"). The functional currency of the Company is Hong Kong Dollars (HK$) as its key activities and transactions, in terms of operating, investing and financing activities of the Company are denominated in HK$. However, the country of incorporation and principal place of business of the Group's major operating entities are in Singapore. The Group's Singapore subsidiaries and consolidated affiliated entities determined their functional currency to be S$.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.4 Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) 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;

(ii) income and expenses for each income statement are translated at average exchange; and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

3.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses, if any. 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 the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the year in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives. The annual rates used for this purpose are:

Freehold properties	50 years
Properties with land leases	Over the remaining lease term of the leasehold land
Computers, office equipment and furniture and fittings	1 to 5 years
Motor vehicles	1 to 10 years
Plant and machinery	1 to 5 years
Renovation	Over remaining of lease term

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.5 Property, plant and equipment *(continued)*

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 (Note 3.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income and other gains, net" in the consolidated statement of comprehensive income.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained earnings.

3.6 Investment properties

Investment properties include those properties that are held for long-term rental yields and/or for capital appreciation or for a currently-undetermined use.

Investment properties are initially recognised at cost, including related transaction cost and where applicable borrowing costs.

After initial recognition, investment properties are subsequently carried at fair value, representing open market value determined annually by independent professional valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recognised within "Other income and other gains, net" in the consolidated statement of comprehensive income.

Investment properties may be 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 recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.6 Investment properties *(continued)*

Transfers

The Group transfers a property to, or from, investment property when, and only when, there is a change in use, evidenced by commencement of an operating lease to another party. The commencement of an operating lease is generally an evidence of a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. Examples of evidence of a change in use include:

(a) Commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment properties to property, plant and equipment;

(b) Commencement of development with a view to sell, for a transfer from investment properties to development properties;

(c) End of owner-occupation, for a transfer from property, plant and equipment to investment properties; and

(d) Inception of a lease to another party, for a transfer from inventories to investment property.

A change in use has occurred is based on an assessment of all relevant facts and circumstances. The relevant facts include but not limited to the Group's business plan, financial resources and legal requirements.

3.7 Impairment of non-financial assets

Non-financial assets are tested 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 asset's carrying amount 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 are 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8 Financial assets

3.8.1 Classification

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

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

(b) 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.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The credit terms granted to third-party customers other than retention sum for contract works is generally 30 to 45 days and therefore trade receivables are all classified as current.

3.8.2 Recognition and derecognition

Regular way purchases and sales of financial investments and other 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.

3.8.3 Measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8 Financial assets *(continued)*

3.8.3 Measurement *(continued)*

Debt instruments held at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in "other income and other gains, net" using the effective interest rate method. Debt instruments are presented as "Trade receivables", "Deposits and other receivables", "Cash and cash equivalents", and "Pledged bank deposits" on the consolidated statement of financial position.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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

3.8.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. Expected credit losses ("**ECL**") are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8 Financial assets *(continued)*

3.8.4 Impairment *(continued)*

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

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of, a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

— actual or expected significant adverse changes in external credit rating of the debtors;

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet their obligations;

— actual or expected significant changes in the operating results of the debtors;

— significant increases in credit risk on other financial instruments of the same debtor; and

— significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors and changes in the operating results of the debtors.

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

Note 4.2(c) details how the Group determines whether there has been a significant increase in credit risk.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8 Financial assets *(continued)*

3.8.4 Impairment *(continued)*

Default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

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

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

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

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

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8 Financial assets *(continued)*

3.8.4 Impairment *(continued)*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the basis:

— Past-due status; and

— Nature, size and industry of debtors.

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

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The ECL on trade receivables and contract assets are assessed individually for debtors with significant balances and collectively for other debtors based on the Group's internal credit rating, historical credit loss experience and expected settlement dates, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

At every reporting date, the estimated default rates are reassessed and changes in the forward-looking estimates are considered.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-m ECL at the current reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8 Financial assets *(continued)*

3.8.4 Impairment *(continued)*

Measurement and recognition of ECL (continued)

ECL is measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3.8.5 Financial assets at FVTPL

This includes financial assets that are not measured at amortised cost or FVTOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVTPL, and financial assets resulting from a contingent consideration arrangement in a business combination to which IFRS 3 applies and financial assets that are otherwise required to be measured at FVTPL. They are carried at fair value, with any resulting gain or loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVTPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets measured at FVTPL include key management insurance policy.

The Group acquired a key management insurance contract, which includes both investment and insurance elements. The insurance contract is initially recognised at the amount of the premium paid, and subsequently measured at each balance date at its cash surrender value. Changes to the cash surrender value at balance date will be recognised in profit or loss as a changes in cash surrender value of key management insurance contracts. In the event of death of the insured person, the surrender of the policies, or upon maturity of the policies, the investment will be de-recognised and any resulting gains/losses will be recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8 Financial assets *(continued)*

3.8.6 Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of comprehensive income.

3.8.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated 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 the event of default, insolvency or bankruptcy of the company or the counterparty.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("**FIFO**") method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.10 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash on hand, deposits held with banks which are subject to an insignificant risk of change in value and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within bank and other borrowings in current liabilities.

3.11 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.12 Trade and retention payables, accruals and other payables

Trade and retention payables, accruals and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and retention 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 retention payables, accruals and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The Group derecognises these financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of comprehensive income.

3.13 Bank and other borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income 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 classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.14 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.15 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, 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.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the companies comprising the Group operate and generate taxable income. 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.

(b) Deferred income tax

Deferred income tax is recognised, 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 statement of financial position date 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities and assets are not recognised for temporary difference between the carrying amount and tax bases between the carrying amount and tax bases of investments in foreign operations where the Group 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.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.16 Employee benefits

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

(a) Pension obligations

A defined contribution plan is the pension plan of Central Provident Fund ("**CPF**") scheme in Singapore under which the Group pays fixed contributions into separate entities. These contributions are recognised as an expense in the period in which the related service is performed. The Group has no further payment obligations once the contributions have been paid.

(b) Bonus plans

The expected costs of bonus payment are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date and recognised in accordance with Note 3.17.

3.17 Provisions

Provisions 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 has been 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 the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for 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 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 are described below.

(a) Revenue from contract works

The Group is both a main contractor and a subcontractor which specialises in the provision of services on utility infrastructure work that includes power cable, fibre optic telecommunication network, sewerage pipeline and other civil engineering services. A contract with a customer is classified by the Group as contract works when the contract relates to work which enhances an asset that the customer controls as the Group performs. The Group has primary responsibility to fulfil the contract and has discretion in selecting subcontractors and discretion of the pricing for subcontractor.

The Group has to identify the performance obligations in the contract. A performance obligation is a promise in a contract to transfer a good or service to a customer. The Group treated all elements in a construction contract as a single performance obligation as the construction works are not capable of being distinct. There are multiple components to a construction contract including planning and arranging the required manpower, provision of machinery and materials and monitoring the work progress. The assets to be constructed and the services to be provided are likely to be highly dependent or integrated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.18 Revenue recognition *(continued)*

(a) Revenue from contract works *(continued)*

When determining the transaction price, the Group 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 period between the transfer of the promised goods and payment by customer may exceed one year, which mainly comprised retention money receivables from the customers. Management consider that there is no significant financing component for these receivables, as such payment term is an industry practice. As a consequence, the Group does not adjust any of the transaction price for the time value of money.

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

For contracts that contain variable consideration (income from port related services), the Group estimates the amount of consideration to which it will be entitled using the expected value method.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates where applicable, 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 liquidated damages 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. There are no other obligations for warranty or refunds other than those warranties which provide customers with assurance that the related contract work will function as parties intended.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, the expected loss is recognised as an expense immediately.

Progress billings are billed and recognised as trade receivables in accordance with the terms of the contract, only if the Group has an unconditional right to consideration.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.18 Revenue recognition *(continued)*

(a) Revenue from contract works *(continued)*

A contract asset is recognised in the consolidated statement of financial position when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed under expected credit loss model and are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised in the consolidated statement of financial position when the customer pays consideration before the Group recognises the corresponding 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. 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 sum for contract works are reclassified to trade receivables in accordance with the terms of the respective contracts upon the expiry of the maintenance period and/or defects liability period.

(b) Road milling and resurfacing services

Revenue from providing road milling and resurfacing services to customers for road-patching work is recognised over time during the period as the services performed by the Group creates or enhances an asset that the customer controls. Revenue is recognised over time using the input method based on the proportion of the actual costs incurred relative to the estimated total costs. Hence, this points to an over time revenue recognition.

(c) Ancillary support and other services

Revenue from providing ancillary support services to customers is recognised over time during the period when the services are rendered by the Group. These activities include provision of technical assistance, labour or machinery and equipment on the basis of as-and-when required and are charged to the customers based on fixed unit prices. The Group recognises revenue based on the actual service provided because the customer receives and uses the benefits simultaneously. This is determined based on costs of the actual labour hours spent relative to the total expected labour hours. Hence, this points to an over time revenue recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.18 Revenue recognition *(continued)*

(d) Sale of goods and milled waste

The Group sells goods such as milled waste and other materials. Revenue is recognised at the point of time when control of the goods has been transferred to the customers, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

3.19 Leases

(a) Lessor

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

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

(b) Lessee

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments, where applicable:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payment that are based on an index or a rate;

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.19 Leases *(continued)*

(b) Lessee *(continued)*

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate.

Each lease payment is allocated between the liability 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.

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

(a) the amount of the initial measurement of lease liability;

(b) any lease payments made at or before the commencement date less any lease incentives received;

(c) any initial direct costs; and

(d) reinstatement costs.

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

Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation is calculated using the straight-line method over their estimated useful lives, as follows:

Land	Over the lease term
Office equipment	2 to 5 years

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.19 Leases *(continued)*

(b) Lessee *(continued)*

Lease modifications

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

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

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

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

COVID-19-related rent concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.20 Dividend distribution

Dividend distribution to the equity holders of the companies comprising the Group is recognised as a liability in the consolidated financial statements during the period in which the dividends are approved by the equity holders or directors, where appropriate.

3.21 Government grants

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

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income within the "Other income and other gains, net" over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

3.22 Fair value measurement

Fair value is the price that will be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that will use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described in Note 4.3, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

4.1 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2021 S$'000	2020 S$'000
Financial assets		
Carried at fair value:		
Other financial assets	**87**	86
Carried at amortised cost:		
Trade receivables	**4,855**	5,621
Deposits and other receivables, excluding prepayments and good and services tax receivables	**1,340**	2,207
Pledged bank deposits	**556**	207
Cash and cash equivalents	**15,069**	8,059
	21,820	16,094
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and retention payables	**13,126**	10,037
Accruals and other payables, excluding staff cost payables, provisions and good and services payables	**849**	956
Bank and other borrowings	**39,459**	34,279
Lease liabilities	**4,145**	1,480
	57,579	46,752

4.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is carried out by the finance department under the supervision of the directors. The directors provide principles for overall risk management.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(a) Interest rate risk

Interest-bearing financial assets/liabilities issued at variable rates expose the Group to cash flow interest rate risk. Interest-bearing financial assets/liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's exposure to interest rate risk mainly arises from cash at bank, bank deposits and bank and other borrowings which bore floating interests. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Sensitivity analysis

As at 31 December 2021, it is estimated that an increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after taxation for the year by approximately S$99,000 (2020: increase/decrease the Group's loss after taxation by approximately S$108,000). The 50 basis point decrease/increase represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

(b) Foreign currency risk

The Group's exposure to currency exchange rate is minimal as majority of the subsidiaries of the Group operates in Singapore with most of the transactions denominated and settled in Singapore dollars, which are same as their functional currency.

Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk. The Group manages foreign currency risk by closely monitoring the proportion of its non-Singapore dollars assets and liabilities.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(c) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, pledged bank deposits, trade receivables, contract assets, and deposits and other receivables. The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. Management has a credit policy in place and the exposures to these credit risks are monitored and controlled on an ongoing basis. It considers available reasonable and supportive forward-looking information.

The Group has three types of assets that are subject to the expected credit loss model:

- trade receivables,
- contract assets, and
- other financial assets at amortised cost.

Trade receivables and contract assets

For trade receivables and contract assets, the Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. As a result, the Group's exposure to bad debts is not significant.

The Group applies IFRS 9 simplified approach to measure the ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets from initial recognition.

The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix.

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to the repayment history over a period of 12 month and the corresponding historical credit losses experienced within this period. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had considered that the Singapore's gross domestic growth and unemployment rate are to be the most relevant factor, and these are applied in the regression model given the COVID-19 pandemic and some significant changes in the market indexes, and accordingly, adjusted the historical loss rates based on expected changes of this factor.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

Trade receivables and contract assets (continued)

The loss allowance was determined as follows for trade receivables:

	Current	1–30 days past due	31–60 days past due	61–90 days past due	More than 90 days past due	Individuals	Total
31 December 2021							
Average expected loss rate	**0.20%**	**0.73%**	**0.63%**	**2.19%**	**1.65%**	**100%**	
Gross carrying amount (S$'000)	**3,107**	**758**	**806**	**44**	**160**	**291**	**5,166**
Loss allowance (S$'000)	**6**	**5**	**5**	**1**	**3**	**291**	**311**
31 December 2020							
Expected loss rate	0.04%	0.33%	0.25%	12.03%	4.82%	100%	
Gross carrying amount (S$'000)	3,939	1,162	67	130	361	212	5,871
Loss allowance (S$'000)	2	4	–*	15	17	212	250

* Less than S$1,000

The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets, and the forward-looking information determined in above was also incorporated to estimate the loss allowance of contract assets.

The loss allowance was determined as follows for contract assets:

	Average expected loss rate	Loss allowance S$'000	Gross carrying amount S$'000
31 December 2021	**1.38%**	**821**	**59,298**
31 December 2020	0.22%	124	56,390

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 long period.

Impairment losses on trade 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.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

Trade receivables and contract assets (continued)

The movement of allowance for impairment of trade receivables and contract assets are disclosed in Notes 20 and 21 respectively to these consolidated financial statements.

The Group was exposed to certain concentration of credit risk as at 31 December 2021 on gross trade receivables and contract assets from the Group's top five customers which were amounting to approximately S$3,941,000 and S$57,451,000 (2020: S$ 4,924,000 and S$55,221,000), representing for 76% and 97% (2020: 84% and 98%) of the gross trade receivables and contract assets respectively. The major customers of the Group are all reputable organisations with sound financial position. Management considers that the credit risk is limited in this regard.

(ii) Other financial assets at amortised cost

For the deposits and other receivables, they are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. Based on historical experience, majority of these balances were settled shortly upon maturity, hence the associated credit risk is minimal. Management considered that the identified impairment loss under expected credit loss model was immaterial.

The Group's cash and cash equivalents and pledged deposits are placed in reputable financial institutions with sound credit ratings assigned by international credit rating agencies. The management believes there is no significant credit risk of loss on such assets.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Performing	The counterparty has a low to moderate risk of default and does not have any past-due amounts	Lifetime ECL — not-credit impaired	12m ECL
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not-credit impaired	Lifetime ECL — not-credit impaired
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit impaired	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2021 S$'000	Gross carrying amount 2020 S$'000
Financial assets at amortised cost:					
Trade receivables	20	Performing	Lifetime ECL (not credit-impaired)	**4,875**	5,659
		Non-performing	Lifetime ECL (credit-impaired)	**291**	212
Deposits and other receivable excluding prepayments and goods and services tax receivables	22	Performing	12m ECL	**1,340**	2,207
Pledged bank deposits	23	N/A	12m ECL	**556**	207
Cash and cash equivalents	23	N/A	12m ECL	**15,069**	8,059
Other item:					
Contract assets	21	Performing	Lifetime ECL	**59,298**	56,390

Notes:

(i) For trade receivables and contract assets, the Group has applied the simplified approach in IFRS9 to measure the loss allowance at lifetime ECL.

Trade receivables and contract assets are assessed ECL individually and/or collectively using a provision matrix with appropriate groupings based on historical credit loss experiences adjusted by forward-looking estimates.

(ii) For the purpose of internal credit risk management, the Group uses the past-due information of counterparties to assess whether credit risk has increased significantly since initial recognition. The balances of deposits and other receivables are not past due.

(iii) Pledged bank deposits and bank balances were placed in the banks in Singapore and Hong Kong governed by Monetary Authority of Singapore and Hong Kong Monetary Authority, respectively. In view of the stable bank system in Singapore and Hong Kong and the high credit ratings assigned by International rating agencies to these banks, the loss allowance is expected to be very minimal and close to zero.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(d) Liquidity risk

The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate and short-term and long-term borrowings. The Group aims to maintain flexibility in funding by utilising committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the non-derivative financial liabilities and lease liabilities of the Group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balances within 1 year other than bank and other borrowings and lease liabilities, equal their carrying balances as impact from discounting is not significant.

	On demand S$'000	Within 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	More than 5 years S$$'000	Total undiscounted cash flows S$$'000	Carrying amount at 31 December S$$'000
2021							
Trade and retention payables	**–**	**13,126**	**–**	**–**	**–**	**13,126**	**13,126**
Accruals, other payables and provisions, excluding staff cost payables, provisions and goods and services tax payables	**–**	**849**	**–**	**–**	**–**	**849**	**849**
Bank borrowings, including interest	**40,772**	**1,354**	**1,104**	**1,036**	**–**	**44,266**	**39,459**
Lease liabilities, including interest	**–**	**830**	**647**	**1,043**	**4,034**	**6,554**	**4,145**
	40,772	**16,159**	**1,751**	**2,079**	**4,034**	**64,795**	**57,579**
2020							
Trade payables	–	10,037	–	–	–	10,037	10,037
Accruals, other payables and provisions, excluding staff cost payables and provisions	–	956	–	–	–	956	956
Bank and other borrowings, including interest	31,585	1,682	717	700	–	34,684	34,279
Lease liabilities, including interest	–	706	437	436	–	1,579	1,480
	31,585	13,381	1,154	1,136	–	47,256	46,752

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(d) Liquidity risk *(continued)*

The table below summarises the maturity analysis of the loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the 'on demand' time band in the maturity analysis contained above.

Taking into account the Group's financial position, the Directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The Directors believe that such loans will be repaid in accordance with the scheduled repayment date set out in the loan agreements.

Maturity Analysis — Bank borrowings subject to a repayment on demand clause based on scheduled repayments:

	Within 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	More than 5 years S$'000	Total S$'000
As at 31 December 2021					
Borrowings	**23,760**	**1,970**	**2,629**	**7,770**	**36,129**
Interest	**330**	**379**	**428**	**3,506**	**4,643**
	24,090	**2,349**	**3,057**	**11,276**	**40,772**
As at 31 December 2020					
Borrowings	26,239	1,095	3,617	131	31,082
Interest	180	84	134	7	405
	26,419	1,179	3,751	138	31,487

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers among Levels 1, 2 and 3 during the year.

(i) Financial assets and liabilities not measured at fair value

The carrying values of the Group's financial assets, including trade receivables, deposits and other receivables, pledged bank deposits and cash and cash equivalents; and financial liabilities, including trade and retention payables, accruals and other payables, bank borrowings and lease liabilities, approximate their fair values.

(ii) Financial assets and liabilities measured at fair value

	Level 2	
	2021	2020
	S$'000	S$'000
Assets measured at fair value:		
Financial assets at FVTPL		
— key management insurance policy (Note 18)	**87**	86

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The fair value of life insurance policy is determined by reference to the surrender cash value reported by the financial institution on a regular basis.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital on the basis of net debt to total capital ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as lease liabilities and bank and other borrowings, less cash and cash equivalents and pledged bank deposits. Total equity is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The net debt to total capital ratios were as follows:

	2021 **S$'000**	2020 S$'000
Lease liabilities (Note 26)	**4,145**	1,480
Bank and other borrowings (Note 27)	**39,459**	34,279
Less: pledged bank deposits and cash at bank and on hand (Note 23)	**(15,625)**	(8,266)
Net debt	**27,979**	27,493
Total equity	**52,910**	50,712
Net debt to total equity ratio	**53%**	54%

Under the terms of the Group's borrowing facilities, the Group is required to comply with certain financial covenants.

No changes were made in the objectives, policies or processes during the current and previous years.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements 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.

(a) Measure of progress of contract works for revenue recognition

The Group measures progress of contract works and recognises its revenue according to the proportion of actual cost of work performed to date as compared to total budgeted costs of contract works. Due to the nature of the activities undertaken in these projects, the date at which the project activities are entered into and the date when the activities are completed may fall into different accounting periods.

The management estimate the revenue and budgeted costs at the commencement of the construction contracts and regularly assess the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidation damages. Budgeted costs which mainly comprise labour costs, subcontracting charges, material and consumables and other costs are estimated by the management. Any significant variances in estimations of the budget costs will impact the measurement of progress which drives the revenue recognition of contract works in an accounting period. The management constantly conducts periodic review of the relevance of budgets by reviewing the actual amounts incurred and comparing with previous estimated amounts in order to mitigate the exposure to significant variances.

(b) Impairment of trade receivables and contract assets

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix.

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the Group used provision matrix to calculate the ECL for its trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar credit risk characteristics. The provision matrix is based on relevant historical loss rates taking into consideration forward looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the estimated loss rates are reassessed and changes in forward looking information are considered.

The assessment requires management judgement and estimates. Where the actual outcome or expectation in future is different from original estimate, such differences will impact the carrying amount of trade receivables and contract assets and credit loss allowance in the period in which the estimate has been changed.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(continued)*

(c) Estimated useful lives of property, plant and equipment and right-of-use assets

The Group's property, plant and equipment and right-of-use assets are depreciated based on their estimated useful lives and estimated residual values. This estimate is based on the expected utility of the asset to the Group and management experience in similar assets, and involve management's judgement. Actual economic lives may differ from estimated useful lives, and changes in management estimate could result in changes in depreciable lives and therefore depreciation expense in future periods.

(d) Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by external qualified professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation reports, the management has exercised their judgement and is satisfied that the assumptions used in the valuation are reflective of the current market conditions.

(e) Current and deferred income tax

The Group is subject to income taxes in Singapore. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred 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. Where the expectation is different from the original estimates, such difference will impact the recognition of current and deferred income tax in the period in which such estimates are changed.

6. SEGMENT INFORMATION

The CODM has been identified as the executive directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on profit/(loss) after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the general construction of civil engineering projects through the operating companies in Singapore. Information reported to the CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the operating companies as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group's activities, other than those of certain joint ventures, are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore. Accordingly, no analysis by geographical basis was presented.

During the year ended 31 December 2021, there were 3 (2020: 3) customers which individually contributed to over 10% of the Group's total revenue. Revenue generated from these customers are summarised below:

	2021 **S$'000**	2020 S$'000
Customer 1	**37,272**	25,927
Customer 2	**21,707**	12,399
Customer 3	**14,035**	7,057

7. REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following streams of revenue:

	2021 **S$'000**	2020 S$'000
Revenue from contract works	**84,641**	52,386
Road milling and resurfacing services	**6,436**	3,640
Ancillary support and other services	**945**	618
Sale of goods and milled waste	**1,181**	473
	93,203	57,117
Revenue recognised:		
Over time	**92,022**	56,644
At point in time	**1,181**	473
	93,203	57,117

8. OTHER INCOME AND OTHER GAINS, NET

	2021 S$'000	2020 S$'000
Other income:		
Rental income from investment properties (Note 15)	**31**	20
Rental income from a property (Note (i))	**155**	–
Gain on early termination on lease	**4**	3
Government grants (Note (ii))	**1,670**	4,797
COVID-19 related rent concessions (Note (iii))	**–**	117
Waiver of other borrowing granted (Note 27)	**98**	–
Others	**105**	52
	2,063	4,989
Other gains, net:		
Gain/(loss) on foreign exchange difference — net	**–***	–*
Gain on disposal of property, plant and equipment, net	**159**	92
Loss on write off of property, plant and equipment, net	**(1)**	(1)
Fair value gain/(loss) on investment properties (Note 15)	**160**	(20)
Changes in cash surrender value of key management insurance contracts (Note 18)	**1**	–*
	319	71
	2,382	5,060

* Less than S$1,000

Notes:

(i) A newly acquired property during the year comprises a portion that is held to earn rentals. The management views that the portion could not be sold separately and the portion held for rentals income is insignificant. The property is mainly used as warehouse of the Group, therefore is classified as properties, plant and equipment as set out in Note 14 to these consolidated financial statements.

(ii) For the year ended 31 December 2021, government grants mainly included Foreign Worker Levy Rebate and Job Support Scheme ("**JSS**") from the Singapore Government for supporting the development of construction industry. In particular, JSS provided wage support to employers to retain their local employees during COVID-19 pandemic. These incentives are granted in the form of cash payout and there were not unfulfilled conditions or contingencies relating to these grants (2020: same).

(iii) For the year ended 31 December 2020, there was a waiver of lease payments granted by the lessors due to the direct consequence of the COVID-19. Certain lessors of leased properties offered two months' rental waiver during the Circuit Breaker period. The Group applied the practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification and accounted for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 Leases if the changes are not a lease modification (Note 26).

9. OPERATING PROFIT/(LOSS)

Operating profit/(loss) for the year is stated after charging the followings:

	2021 S$'000	2020 S$'000
Raw material and consumables used (Note (a)) (Note 19)	**11,993**	7,739
Subcontracting charges (Note (a))	**29,747**	15,925
Site expense (Note (a))	**3,645**	2,121
Write down of inventories (Note (a)) (Note 19)	**–**	4
Auditor's remuneration:		
— Audit services	**203**	190
— Non-audit services (Note (b))	**42**	46
Depreciation of property, plant and equipment (Note 14)	**5,524**	4,651
Depreciation of right-of-use assets (Note 26(ii))	**810**	760
Employee benefit expenses, including directors' emoluments (Note 10)	**24,637**	20,680
Insurance expenses	**1,122**	1,187
Expenses relating to short term leases and low value assets (Note 26(ii))	**4**	25
Listing expenses	**–**	958
Provision for onerous contract (Note 25)	**310**	–

Notes:

(a) Save for the staff costs as disclosed in Note 10, these amounts are included in cost of sales.

(b) Non-audit services represent the agreed-upon-procedures services provided relating to interim financial report of the Company.

10. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2021 S$'000	2020 S$'000
Wages, salaries and bonuses	**22,756**	19,192
Retirement benefit costs — defined contribution plan (Note)	**962**	1,056
Staff benefits	**919**	432
	24,637	20,680
Cost of sales	**18,865**	15,308
Administrative expenses	**5,772**	5,372
	24,637	20,680

Note:

Defined contribution plan represent central provident fund ("**CPF**") which is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act, Chapter 36 of Singapore, an employer is obliged to make CPF contributions with 5% to 20% of wage for all employees who are Singapore citizens or permanent residents of Singapore. CPF contributions are not applicable for foreigners.

10. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

Five highest paid individuals

For the year ended 31 December 2021, the five individuals whose emoluments were the highest in the Group included 2 (2020: 2) directors, whose emolument are reflected in the analysis in Note 36. The emoluments paid/ payable to the remaining 3 (2020: 3) individuals were as follows:

	2021	2020
	S$'000	S$'000
Wages, salaries and benefits in kind	**618**	575
Bonuses	**233**	242
Retirement benefit costs — defined contribution plans	**38**	38
	889	855

The emoluments of the remaining 3 highest paid individuals fell within the following bands:

	Number of individuals	
	2021	2020
Emolument bands		
HK$1 to HK$500,000 (equivalent to S$1 to S$84,745)	**–**	–
HK$500,001 to HK$1,000,000 (equivalent to S$84,746 to S$169,496)	**–**	–
HK$1,000,001 to HK$1,500,000 (equivalent to S$169,497 to S$254,235)	**–**	–
HK$1,500,001 to HK$2,000,000 (equivalent to S$254,236 to S$338,983)	**3**	3
	3	3

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 INCOME AND FINANCE COSTS

	2021	2020
	S$'000	S$'000
Finance income		
Interests from:		
— Bank deposits	**15**	9
— Pledged bank deposits	**–***	1
	15	10
Finance costs		
Interests on:		
— Bank borrowings	**959**	805
— Lease liabilities (Note 26(ii))	**135**	72
— Unwinding of discount of reinstatement costs (Note 25)	**21**	20
	1,115	897

* Less than S$1,000

12. INCOME TAX EXPENSE

	2021	2020
	S$'000	S$'000
Current tax		
— Current year — Singapore (Note (d))	**567**	–
— Over provision in prior year	**(15)**	(23)
Deferred tax		
— Current year (Note 28)	**109**	101
Income tax expense	**661**	78

Notes:

(a) Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(b) No provision for income tax in British Virgin Islands ("**BVI**") has been made as the Company's subsidiaries had no assessable income in BVI during the year ended 31 December 2021 (2020: Nil).

(c) Hong Kong profits tax has not been provided for as the Company and its subsidiaries had no assessable profit in Hong Kong during the year ended 31 December 2021 (2020: Nil).

(d) The Group mainly operates in Singapore. Income tax had been provided at the applicable tax rate of 17% of Singapore on the estimated assessable profits for the year ended 31 December 2021 (2020: 17%).

12. INCOME TAX EXPENSE *(continued)*

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the enacted tax rate of the companies comprising the Group as follows:

	2021 S$'000	2020 S$'000
Profit/(loss) before income tax	**2,794**	(3,698)
Add: Share of loss of joint ventures, net of tax	**616**	392
Profit/(loss) before income tax and share of loss of joint ventures	**3,410**	(3,306)
Tax calculated at 17% (2020: 17%)	**580**	(562)
Effect of different tax rates of other jurisdictions	**11**	13
Tax incentives (Note (i))	**(12)**	(7)
Income not subject to tax	**(170)**	(466)
Expenses not deductible for tax purposes	**646**	1,061
Statutory income tax exemption (Note (ii))	**(52)**	–
Others	**(327)**	62
Over provision of income tax expense in prior year	**(15)**	(23)
Income tax expense	**661**	78

Notes:

(i) During the year ended 31 December 2021, tax incentives related to Corporate Income Tax Rebates by Inland Revenue Authority of Singapore (IRAS) (2020: Same).

(ii) During the year ended 31 December 2021, tax exemption relates to 75% tax exemption of the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income (2020: Nil).

13. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Earnings/(loss):		
Profit/(loss) for the year attributable to the equity holders of the Company (S$'000)	**1,547**	(3,824)
Number of shares:		
Weighted average number of ordinary shares (in thousand)	**1,064,000**	1,023,301

Diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding during the year ended 31 December 2021 (2020: Same).

For the year ended 31 December 2021, the number of shares used for the purpose of calculating basic earnings per share represents the weighted average of 1,064,000,000 ordinary shares in issue during the year (2020: has been retrospectively adjusted for the issue of shares during the Reorganisation and the capitalisation issue of shares as if the issuance of shares had occurred on 1 January 2020 (Note 29(ii) and (iii)).

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties S$'000	Properties (Note) S$'000	Motor vehicles S$'000	Computers, office equipment and furniture and fittings S$'000	Plant and machinery S$'000	Renovation S$'000	Total S$'000
Year ended 31 December 2021							
Opening net book amount	1,486	7,350	3,259	124	4,929	184	17,332
Addition	–	9,283	1,657	198	2,195	34	13,367
Transferred to investment properties (Note 15)	(1,445)	–	–	–	–	–	(1,445)
Written off	–	–	–	–*	(1)	–	(1)
Disposal	–	–	(39)	(4)	(90)	–	(133)
Depreciation	(41)	(1,238)	(1,516)	(131)	(2,539)	(59)	(5,524)
Closing net book amount	–	15,395	3,361	187	4,494	159	23,596
At 31 December 2021							
Cost	–	23,622	13,412	1,107	15,573	838	54,552
Accumulated depreciation	–	(8,227)	(10,051)	(920)	(11,079)	(679)	(30,956)
Net book amount	–	15,395	3,361	187	4,494	159	23,596

* Less than S$1,000

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold properties S$'000	Property (Note) S$'000	Motor vehicles S$'000	Computers, office equipment and furniture and fittings S$'000	Plant and machinery S$'000	Renovation S$'000	Total S$'000
Year ended 31 December 2020							
Opening net book amount	–	8,387	3,310	146	5,333	176	17,352
Addition	–	–	1,396	77	1,799	60	3,332
Transferred from investment properties (Note 15)	1,510	–	–	–	–	–	1,510
Written off	–	–	–	–	(1)	–	(1)
Disposal	–	–	(141)	–	(69)	–	(210)
Depreciation	(24)	(1,037)	(1,306)	(99)	(2,133)	(52)	(4,651)
Closing net book amount	1,486	7,350	3,259	124	4,929	184	17,332
At 31 December 2020							
Cost	1,510	14,339	12,241	932	14,048	804	43,874
Accumulated depreciation	(24)	(6,989)	(8,982)	(808)	(9,119)	(620)	(26,542)
Net book amount	1,486	7,350	3,259	124	4,929	184	17,332

Note:

As at 31 December 2021, these properties are held by the Group with underlying leasehold land under the lease terms of approximately 14 to 35 years (2020: 14 years). The relevant leasehold land is classified as right-of-use assets (Note 26).

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation of the Group's property, plant and equipment has been charged to the consolidated statement of comprehensive income as follow:

	2021	2020
	S$'000	S$'000
Cost of sales	**4,784**	3,420
Administrative expenses	**740**	1,231
	5,524	4,651

As at 31 December 2021, the properties of the Group with net carrying amount of approximately S$15,395,000 (2020: S$8,836,000) were pledged to secure the bank borrowings of the Group (Note 27).

As at 31 December 2021, motor vehicles and plant and machinery with carrying amount of approximately S$2,452,000 and S$2,179,000 respectively (2020: S$2,049,000 and S$2,439,000 respectively) held by the Group were pledged for certain borrowings. The related assets were pledged as security for the related financing (Note 27).

During the year ended 31 December 2020, the Group entered into an agreement with an independent third party to acquire a property at a total consideration of S$9,000,000 and deposit of 5% of consideration together with related cost of approximately S$715,000 was paid (Note 22). The acquisition of the property completed on 7 April 2021. The acquisition was wholly financed by bank borrowing secured by the property (Note 27). The consideration together with the direct acquisition cost was recognised in the consolidated statement of financial position as "properties". In the consolidated statement of cash flows, the amount of S$9,000,000 directly transferred by the bank to the seller during the year is regarded as a non-cash transaction during the year ended 31 December 2021 (Note 33(c)).

15. INVESTMENT PROPERTIES

	2021	2020
	S$'000	S$'000
At 1 January	**380**	1,910
Transferred from/(to) property, plant and equipment (Note 14)	**1,445**	(1,510)
Net fair value gain/(loss) recognised in profit or loss (Note 8)	**160**	(20)
At 31 December	**1,985**	380

During the year ended 31 December 2020, the Group occupied one of the investment properties for the purpose of migrant workers' temporary living quarters as part of the temporary containment measures during COVID-19 pandemic. Such change in use has been approved by the Singapore Ministry of Manpower and therefore accounted the properties as owner-occupied properties (Note 14). The directors of the Company would decide to continuously occupy the properties for other administrative purposes after the expiry of the permit for workers' temporary living quarters in March 2021.

The Group eventually transferred the aforesaid property with a carrying value of S$1,445,000 from property, plant and equipment to investment properties in respect to the improving leasing market and the location of non-temporary new operating lease. The property was rented to a third party instead of occupying the property for other administrative purpose in October 2021. The management considers the change in fair value at the date of change in use was insignificant to recognise.

As at 31 December 2021, the investment properties of the Group with fair value of approximately S$1,985,000 (2020: S$380,000) was pledged to secure the bank borrowings of the Group (Note 27).

15. INVESTMENT PROPERTIES *(continued)*

The investment properties are leased to certain independent third parties (Note 8). The following amounts were recognised in the consolidated statement of comprehensive income:

	2021 **S$'000**	2020 S$'000
Rental income	**31**	20
Direct operating expenses	**(26)**	(13)
	5	7

Details of the Group's investment properties as at 31 December 2021 are as follows:

Location	**Description/existing use**	**Tenure**
25 Woodlands Industrial Park E1 #02-01 Admiralty Industrial Park, Singapore 757743	A flatted factory unit	60 years lease commencing from 9 January 1995
31 Mandai Estate, #05-04/05 Innovation Place, Singapore 729933	2 amalgamated flatted factory units	Freehold

Details of the Group's investment property as at 31 December 2020 are as follows:

Location	**Description/existing use**	**Tenure**
25 Woodlands Industrial Park E1 #02-01 Admiralty Industrial Park, Singapore 757743	A flatted factory unit	60 years lease commencing from 9 January 1995

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy — Recurring fair value measurements

The fair value of the Group's investment properties is categorised into level 3 of the fair value hierarchy as defined in Note 4.3. There were no transfers between Level 1, 2 and 3 during the year ended 31 December 2021 (2020: Same).

	Quoted prices in active markets for identical assets (Level 1) S$'000	Significant other observable inputs (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000
31 December 2021			
— Factory units	**–**	**–**	**1,985**
31 December 2020			
— Factory unit	–	–	380

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Valuation Process of the Group

Independent valuations of the Group's investment properties were performed by Knight Frank Pte Ltd, a qualified valuer, to determine the fair value of the investment properties at the date of transfer to owner-occupied property and the investment properties as at 31 December 2021 (2020: Same).

The fair value of the Group's investment properties at 31 December 2021 were determined by the valuer in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS) (2020: Same).

15. INVESTMENT PROPERTIES *(continued)*

Valuation technique

Fair value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Such fair value reflects the highest and best use of the investment properties.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Type of property	Valuation techniques	Significant unobservable inputs	Rate of unobservable inputs
As at 31 December 2021:			
Factories	Sales comparison method	Estimated market price per square metre	S$2,249 — S$5,815 per square metre
As at 31 December 2020:			
Factory	Sales comparison method	Estimated market price per square metre	S$2,249 per square metre

Under the sales comparison method of valuation, fair values of the investment properties are derived from comparing the properties to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of the properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The most significant impact into this valuation approach is price per square metre. The higher the price per square metre, the higher the fair value of the investment properties.

There were no changes in valuation techniques compared to prior year.

The Group's management reviews the valuation performed by independent valuer and holds discussion of the valuation processes with the qualified valuer once a year for financial reporting purpose.

16. PARTICULAR OF SUBSIDIARIES

General information of the subsidiaries at the reporting date are as follows:

Name	Place and date of incorporation	Principal activities	Type of legal status	Issued and paid up/ registered capital	Effective interests held as at 31 December	
					2021	2020
Directly held:						
WG (BVI) Limited ("**WG BVI**")	BVI, 27 May 2019	Investment holding	Limited liability company	US$300	**100%**	100%
Indirectly held:						
Wee Guan Corporation Pte Ltd	Singapore, 8 August 2018	Investment holding	Limited liability company	S$100 and US$100	**100%**	100%
Wee Guan Construction Pte Ltd	Singapore, 14 February 1991	General construction of other civil engineering projects	Limited liability company	S$3,000,000	**100%**	100%
Road Builders Singapore Pte. Ltd. ("**RBS**")	Singapore, 21 February 2014	Construction of other civil engineering projects and road construction	Limited liability company	S$500,000	**55%**	55%
Hydrojack Engineering Pte. Ltd.	Singapore, 6 February 2018	Construction of other civil engineering projects and water, gas pipe-line and sewer construction	Limited liability company	S$500,000	**51%**	51%
Wee Guan Engineering Pte Ltd	Singapore, 26 August 1998	Leasing of vehicles and construction of other civil engineering projects	Limited liability company	S$1,600,000	**100%**	100%
Wee Guan Logistics Pte. Ltd. ("**WGL**") (Note)	Singapore, 11 November 2003	Leasing of vehicles and equipment and transportation of goods	Limited liability company	S$100,000	**–**	100%
Weng Guan Technology Pte Lt	Singapore, 4 March 1992	Civil engineering and road-works construction	Limited liability company	S$750,000	**100%**	100%
Geecomms Pte. Ltd.	Singapore, 27 May 2014	Electrical and telecommunications wiring installation works and construction of other civil engineering projects	Limited liability company	S$500,000	**100%**	100%

Note:

WGL has been struck off from the Register of Companies pursuant to Section 344A of the Company Act, Chapter 50 of Singapore, with effect from 6 December 2021.

None of the subsidiaries had issued any debt securities at the end of the year.

17. INVESTMENTS IN JOINT VENTURES

	2021	2020
	S$'000	S$'000
At 1 January	**4,669**	661
Addition capital investment	**–**	4,400
Share of loss for the year, net of tax	**(616)**	(392)
Share of other comprehensive income for the year, net of tax	**31**	–
At 31 December	**4,084**	4,669

Set out below are the joint ventures of the Group. These joint ventures have share capital consisting solely of ordinary shares, which are held indirectly through a subsidiary of the Group. The country of incorporation is also its principal place of business.

Name of entity	**Place of business/country of incorporation**	**% of ownership interest as at 31 December**	
		2021	2020
SWG Alliance Pte. Ltd. ("**SWG**") and its subsidiaries (Note (i))	Singapore	**40**	40
Futurus Construction Pte. Ltd. (Note (ii))	Singapore	**40**	40

Notes:

(i) SWG is an investment holding company. The principal activities of its subsidiaries are manufacture of precast concrete, cement or artificial stone articles, manufacture of asphalt products, manufacture of quarry products.

During the year ended 31 December 2020, the Group increased capital investment in SWG by approximately S$4,400,000 in respect to the additional shares issuance of SWG to all existing shareholders. The percentage of shareholding remains unchanged. SWG is still regarded as a joint venture under joint control, in which decision on relevant activities of SWG requires unanimous consent of the joint venturers.

(ii) Futurus Construction Pte. Ltd. is principally engaged in the business of distribution and leasing of machinery and equipment relating to the civil engineering industry.

The Group had no commitment to provide funding, if called, to these joint ventures and there were no contingent liabilities relating to the Group's interests in these joint ventures for the year ended 31 December 2021 (2020: Same).

Summarised financial information in respect of the Group's joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

All the joint ventures are accounted for using the equity method in these consolidated financial statements.

17. INVESTMENTS IN JOINT VENTURES *(continued)*

	SWG Alliance Pte. Ltd. and its subsidiaries	
	2021	2020
	S$'000	S$'000
Summarised statement of financial position at 31 December		
Current assets	**7,059**	5,916
Non-current assets	**7,380**	7,835
Current liabilities	**(3,812)**	(1,517)
Non-current liabilities	**(749)**	(788)
Net assets	**9,878**	11,446
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**1,635**	1,302
Current financial liabilities (excluding trade and other payables and provisions)	**(294)**	(153)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(749)**	(788)
Summarised statement of comprehensive income for the year ended 31 December		
Revenue	**5,473**	4,401
Loss for the year	**(1,646)**	(1,081)
Other comprehensive income for the year	**78**	1
Total comprehensive loss for the year	**(1,568)**	(1,080)
Attributable to:		
— Equity owners of joint venture	**(1,453)**	(970)
— Non-controlling interests	**(115)**	(110)
	(1,568)	(1,080)
The above loss for the year includes the followings:		
Depreciation and amortisation	**(712)**	(643)
Interest expense	**(25)**	(156)
Income tax expense	**(10)**	(25)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

	Futurus Construction Pte. Ltd.	
	2021	2020
	S$'000	S$'000
Summarised statement of financial position at 31 December		
Current assets	**404**	152
Non-current assets	**49**	86
Current liabilities	**(269)**	(31)
Non-current liabilities	**(1)**	(16)
Net assets	**183**	191
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**121**	11
Current financial liabilities (excluding trade and other payables and provisions)	**(20)**	(18)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(1)**	(16)
Summarised statement of comprehensive income for the year ended 31 December		
Revenue	**73**	135
Loss for the year	**(8)**	(11)
Other comprehensive income for the year	**–**	–
Total comprehensive loss for the year	**(8)**	(11)
Attributable to:		
— Equity owners of joint venture	**(8)**	(11)
— Non-controlling interest	**–**	–
	(8)	(11)
The above loss for the year includes the followings:		
Depreciation and amortisation	**(45)**	(60)
Interest expense	**(1)**	(1)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Reconciliation of summarised financial information to the carrying amount of the investments in joint ventures recognised in the consolidated financial statements:

	SWG Alliance Pte. Ltd. and its subsidiaries	
	2021	2020
	S$'000	S$'000
Opening net assets	**11,446**	1,526
Issuance of new shares	**–**	11,000
Loss for the year	**(1,568)**	(1,080)
Closing net assets	**9,878**	11,446
Net assets attributable to non-controlling interests of the joint venture	**(150)**	(35)
Net assets attributable to the other joint venture partner	**6,017**	6,888
Net assets attributable to the Group	**4,011**	4,593
	9,878	11,446

	Futurus Construction Pte. Ltd.	
	2021	2020
	S$'000	S$'000
Opening net assets	**191**	202
Loss for the year	**(8)**	(11)
Closing net assets	**183**	191
Net assets attributable to the other joint venture partner	**110**	115
Net assets attributable to the Group	**73**	76
	183	191

18. OTHER FINANCIAL ASSETS

	2021 S$'000	2020 S$'000
Financial assets measured at FVTPL		
— Key management insurance contract	**87**	86

In 2018, the Group entered into a life insurance policy with an insurance company to insure one of the senior management of the Company. The total sum insured is approximately S$391,200. The Group is the policy holder and beneficiary of the policy. The Group has paid a one-off premium of S$109,000 in 2018. The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal ("**Cash Value**"), which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged. If such withdrawal is made at any time during the first to the 65th policy year, as appropriate, a pre-determined specified surrender charge would be imposed.

The insurance company will pay the Group an interest on the outstanding Cash Value at the prevailing interest rate fixed by the insurance company and a minimum guaranteed interest of 0.8% per annum up to the 25th policy year guaranteed by the insurance company and accumulated in the surrender value until the termination of the policy.

As represented by the directors of the Company, the Group will not terminate the policies nor withdraw cash prior to the 65th policy year for the insurance policy and the expected life of the policies remained unchanged from the initial recognition.

The life insurance policy is denominated in S$.

18. OTHER FINANCIAL ASSETS *(continued)*

Particulars of the benefit payables against death, terminal illness and disability of the policy are as follows:

Policy year	Insured sum	Multiplier benefit for death benefit	Multiplier benefit for accelerated terminal illness benefit	Multiplier benefit for accelerated disability benefit	Benefit payable
	S$'000	S$'000	S$'000	S$'000	
1st to 36th year	391	700	700	700	Higher of the sum assured plus any attaching bonuses or the multiplier benefit, less any amount owing to the insurance company.
37th to 51st year	196	700	700	–	Higher of the sum assured plus any attaching bonuses or the multiplier benefit, less any amount owing to the insurance company.
52nd year to whole life	196	–	–	–	

The fair value of the life insurance policy is determined by reference to the Cash Value of life insurance policy at the end of the reporting period together with the guaranteed interest rate as mentioned above. Change in fair value is recognised in the consolidated statement of comprehensive income for the year ended 31 December 2021 (Note 8).

19. INVENTORIES

	2021 S$'000	2020 S$'000
Raw materials and consumables	**1,395**	908

The cost of inventories recognised as expense and included in "cost of sales" amounted to approximately S$11,993,000 for the year ended 31 December 2021 (2020: S$7,739,000) (Note 9).

No inventories were written off during the year ended 31 December 2021 (2020: S$4,000) (Note 9).

20. TRADE RECEIVABLES

	2021 S$'000	2020 S$'000
Trade receivables		
— Third parties	**5,166**	5,692
— Related parties (Note 32(b)(i))	**–**	179
	5,166	5,871
Less: Allowance for impairment of trade receivables	**(311)**	(250)
Trade receivable — net	**4,855**	5,621

The Group's credit terms granted to third-party customers is generally 30 to 45 days.

The ageing analysis of the trade receivables at gross amount, presented based on invoice date at the end of the reporting period, was as follows:

	2021 S$'000	2020 S$'000
Less than 30 days	**3,107**	3,939
31–60 days	**758**	1,162
61–90 days	**806**	67
91–120 days	**44**	130
121–365 days	**196**	186
More than 1 year	**255**	387
	5,166	5,871

20. TRADE RECEIVABLES *(continued)*

Movement in the allowance for impairment of trade receivables was as follows:

	Lifetime ECL — not credit impaired	Lifetime ECL — credit impaired	Total
	S$'000	S$'000	S$'000
As at 1 January 2020	43	191	234
Impairment made	–	42	42
Impairment reversed	(5)	–	(5)
Impairment utilised	–	(21)	(21)
As at 31 December 2020 and 1 January 2021	38	212	250
Impairment made	–	268	268
Impairment reversed	(18)	(34)	(52)
Impairment utilised	–	(155)	(155)
As at 31 December 2021	20	291	311

The Group applied the simplified approach to provide for expected credit losses prescribed by IFRS 9 as disclosed in Note 4.2(c).

21. CONTRACT ASSETS/(LIABILITIES)

	2021 S$'000	2020 S$'000
Retention sum for contract works	**875**	693
Unbilled revenue of contracts	**58,423**	55,697
	59,298	56,390
Less: Allowance for impairment	**(821)**	(124)
Contract assets	**58,477**	56,266
Contract liabilities	**(1,559)**	–
Retention held by customers expected to be settled:		
To be recovered within 12 months	**875**	693

All contract assets and contract liabilities are mainly from contract works and road milling and resurfacing services. The changes in the contract assets and contract liabilities for the year were resulted from the pace of the progress of certain projects and the timing of approval for progress billing application for certain projects.

Retention sum for contract works are settled in accordance with the terms of the respective contracts. In the consolidated statement of financial position, retention sum for contract works were classified as current assets based on operating cycle. Prior to expiration of defect liability period, these are classified as contract assets, which ranges from one to five years from the date of the practical completion of the construction. The relevant amount of contract asset is unsecured and interest-free and reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion or the expiry of the defect liability period.

21. CONTRACT ASSETS/(LIABILITIES) *(continued)*

Contract assets represent the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

The Group applied the simplified approach to provide for expected credit losses prescribed by IFRS 9 as disclosed in Note 4.2(c). Movement in the allowance for impairment of contract assets was as follows:

	S$'000
As at 1 January 2020	–
Impairment made	124
As at 31 December 2020 and 1 January 2021	124
Impairment made	697
As at 31 December 2021	821

Revenue recognised in relation to contract liabilities:

	2021 **S$'000**	2020 S$'000
Revenue recognised in current year that was included in the contract liabilities balance at the beginning of the year	**–**	7

Unsatisfied performance obligations resulting from fixed-price long-term contracts were analysed as follows:

	2021 **S$'000**	2020 S$'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	**161,907**	216,558
Expected to be recognised within one year	**88,684**	78,701
Expected to be recognised after one year	**73,223**	137,857
	161,907	216,558

During the year, the Group transferred contract assets of approximately S$45,484,000 (2020: S$16,676,000) at the beginning of the year to trade receivables.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 S$'000	2020 S$'000
Current		
Other receivables		
— Third parties	**15**	783
Loan to a joint venture (Note 32(b)(ii))	**600**	–
Deposits (Note (i))	**725**	1,424
Prepayments (Note (ii))	**1,762**	3,117
Goods and services tax receivables	**–**	178
	3,102	5,502
Non-current		
Deposits (Note (iii))	**–**	715

Notes:

(i) As at 31 December 2021, deposits mainly composed of rental deposits for properties and motor vehicles, and deposits paid for project expenses (2020: Same).

(ii) As at 31 December 2021, prepayments mainly composed of prepaid project insurance and performance bond insurance (2020: Same).

(iii) As at 31 December 2020, non-current deposits represented deposit paid for acquisition of a property (Note 34).

23. PLEDGED BANK DEPOSITS AND CASH AT BANKS AND ON HAND

	2021 S$'000	2020 S$'000
Cash at banks	**14,984**	7,976
Cash on hand	**85**	83
	15,069	8,059
Pledged bank deposits	**556**	207
	15,625	8,266

As at 31 December 2021, bank deposits of approximately S$556,000 (2020: S$207,000) were mainly pledged for bank borrowings (Note 27) of the Group with maturity of one year (2020: one year). Such bank deposits carry interest at market rates which range from 0.02% to 0.30% (2020: 0.02% to 1.28%) per annum.

24. TRADE AND RETENTION PAYABLES

The average credit period granted by creditors was 30 days.

	2021 S$'000	2020 S$'000
Trade payables		
— Third parties	**13,081**	7,949
— Related parties (Note 32(b)(iii))	**30**	2,088
	13,111	10,037
Retention payables		
— Third party	**15**	–
	13,126	10,037

The ageing analysis of the trade payables, presented based on invoice date at the end of the reporting period, was as follows:

	2021 S$'000	2020 S$'000
Less than 30 days	**10,755**	6,209
31–60 days	**768**	1,838
61–90 days	**520**	587
91–120 days	**399**	500
121–365 days	**635**	854
More than one year	**34**	49
	13,111	10,037

As at 31 December 2021, retention payables of approximately S$15,000 (2020: Nil) were expected to be settled within twelve months after the end of the reporting period.

25. ACCRUALS, OTHER PAYABLES AND PROVISIONS

	2021 S$'000	2020 S$'000
Current		
Other payables	127	271
Accruals for operating expenses	2,852	2,941
Deposits received — refundable	214	96
Goods and services tax payables	651	–
Provisions	943	258
	4,787	3,566
Non-current		
Provisions	706	539

Current provisions mainly represented provision for leave entitlement and onerous contract. Non-current provision represented provision for repair works to be incurred after the completion of contract works and provision for reinstatement costs for a property with a fixed land lease classify as property, plant and equipment (Note 14).

Movements in provisions classified as current liabilities are as follows:

	2021 S$'000	2020 S$'000
Provision for leave entitlement		
At 1 January	258	231
Provision made	375	27
At 31 December	633	258
Provision for onerous contract		
At 1 January	–	–
Provision made	310	–
At 31 December	310	–
	943	258

The provision for onerous contract represented the unavoidable costs of fulfilling certain contract work with customer that were in excess of the economic benefits expected to be received under the contract.

25. ACCRUALS, OTHER PAYABLES AND PROVISIONS *(continued)*

The management considers that the provision for onerous contract of approximately S$310,000 (2020: Nil) relates to the estimated cost of contract works agreed to be carried out for two projects over the economic benefit to be obtained from them, being unavoidable of meeting the contract obligations, as at 31 December 2021. Anticipated expenditure is expected to incur within 1 year after the year end date throughout the performance of contract works.

Movements in provisions classified as non-current liabilities are as follows:

	2021 **S$'000**	2020 S$'000
Provision for repair works on contract works		
At 1 January	**182**	–
Provision made	**146**	182
At 31 December	**328**	182
Provision for reinstatement costs		
At 1 January	**357**	337
Unwinding of discount (Note 11)	**21**	20
At 31 December	**378**	357
	706	539

26. LEASES

The Group leases land and office equipment. Rental contracts are typically made for fixed periods of 2 to 35 years (2020: 2 to 13 years). 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, but leased assets may not be used as security for other borrowing purposes.

Variable leases payment of land, initially measured using the rate at the commencement date, will be revised based on market rent prevailing every year but each increase shall not exceed 5.5% of the annual rent for each immediate preceding year. The Group reassess the right-to-use assets when the lease payment is revised.

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

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

26. LEASES *(continued)*

(i) Amounts recognised in the consolidated statement of financial position

	2021	2020
	S$'000	S$'000
Right-of-use assets		
Land	**4,009**	1,427
Office equipment	**49**	–
	4,058	1,427
Lease liabilities		
Current	**676**	657
Non-current	**3,469**	823
	4,145	1,480

Additions to the right-of-use assets for the year ended 31 December 2021 were approximately S$3,507,000 (2020: S$503,000). Additions during the year mainly composed of the right-of-use asset with initial recognition amount of approximately S$2,435,000 for a new land lease entered into regarding to the newly acquired property, set out in Note 14 to these consolidated financial statements, for approximately 35 years. Incremental borrowing rate of 4.56% per annum for the lease at the lease commencement date was adopted by the management for the determination of present value of lease payments.

During the year ended 31 December 2021, early termination of lease incurred, causing the carry amount of right-of-use asset and lease liability of approximately S$67,000 and S$71,000 (2020: approximately S$65,000 and S$68,000) derecognised respectively.

The weighted average lease's incremental borrowing rates applied by the Group ranged from 2.35% to 4.56% (2020: from 3.00% to 4.19%) per annum.

26. LEASES *(continued)*

(ii) Amounts recognised in the consolidated statement of comprehensive income

	2021 S$'000	2020 S$'000
Depreciation charge of right-to-use assets		
Land	803	748
Office equipment	7	12
	810	760
Interest expense (included in finance costs) (Note 11)	135	72
Expenses relating to short-term leases and low value assets	4	25
	139	97

Depreciation of the Group's right-to-use assets has been charged to the consolidated statement of comprehensive income as follow:

	2021 S$'000	2020 S$'000
Cost of sales	763	731
Administrative expenses	47	29
	810	760

The total cash outflow for leases, excluding expenses relating to short term leases and low value assets, in 31 December 2021 were approximately S$771,000 (2020: S$631,000).

27. BANK AND OTHER BORROWINGS

	2021	2020
	S$'000	S$'000
Bank overdrafts (Note 23)	**1,610**	–
Borrowings from bank — secured	**37,849**	34,004
Borrowings from non-bank financial institution — secured	**–**	177
Borrowing from third party — unsecured	**–**	98
	39,459	34,279

As at 31 December 2021, the Group's bank borrowings with carrying amount of approximately S$20,493,000 (2020: S$26,081,000) were variable-rate borrowings which carried annual interest ranging from 1.42% to 3.10% (2020: 1.54% to 6.25%) per annum.

The Group's borrowings, after taking into repayable on demand clause, were repayable as follows:

	2021	2020
	S$'000	S$'000
Within 1 year or on demand	**37,396**	32,861
After 1 year but within 2 years	**1,055**	718
After 2 years but within 5 years	**1,008**	700
	39,459	34,279

As at 31 December 2021, approximately of S$3,330,000 (2020: S$3,099,000) of the borrowings were financed under hire purchase commitments. The carrying amount of related motor vehicles and plant and machinery of approximately S$2,452,000 and S$2,179,000 respectively (2020: S$2,049,000 and S$2,439,000 respectively) held under hire purchase commitments were pledged as security for the hire purchase commitments (Note 14).

27. BANK AND OTHER BORROWINGS *(continued)*

The table below analyses the borrowings financed under hire purchase commitments based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table were payment schedule and the present value of the borrowings as at year end date:

	On demand S$'000	Within 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Total undiscounted cash flows S$$'000	Present value at 31 December S$$'000
2021	**–**	**1,354**	**1,104**	**1,036**	**3,494**	**3,330**
2020	–	1,756	751	718	3,225	3,099

As at 31 December 2021, the Group's bank borrowings were secured by the investment properties (Note 15), self-occupied properties (Note 14), pledged bank deposits (Note 23) and corporate guarantee by the Company (2020: investment property, self-occupied properties, pledged bank deposits and joint and several personal guarantees by the directors of the Company and its subsidiaries and corporate guarantee by the Company).

The weighted average interest rate was 2.29% (2020: 2.43%) as at 31 December 2021.

As at 31 December 2020, borrowing from third party represented loan from a non-controlling shareholder to a subsidiary and which was unsecured, interest free and repayable on demand. During the year ended 31 December 2021, the third party agreed to waive of repayment of the borrowing amounted to S$98,000 owing by the subsidiary and the amount is recognised as an income in the consolidated statement of comprehensive income (Note 8).

28. DEFERRED INCOME TAXES

	2021 S$'000	2020 S$'000
Deferred income tax assets	171	117
Deferred income tax liabilities	(175)	(12)
Net deferred tax (liabilities)/assets	(4)	105

Movement in net deferred income tax (liabilities)/assets was as follows:

	2021 S$'000	2020 S$'000
At 1 January	105	206
Tax charged to consolidated statement of comprehensive income	(109)	(101)
At 31 December	(4)	105

Movement in deferred income tax assets and liabilities (offsetting of balances within the same tax jurisdiction) was as follows:

	Accelerated depreciation on property, plant and equipment S$'000	Tax losses carry forward S$'000	Temporary differences on provisions S$'000	Total S$'000
At 1 January 2021	83	–	22	105
Tax (charged)/credit to consolidated statement of comprehensive income	(427)	60	258	(109)
At 31 December 2021	(344)	60	280	(4)

28. DEFERRED INCOME TAXES *(continued)*

Movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) was as follows: (continued)

	Accelerated depreciation on property, plant and equipment S$'000	Temporary differences on provisions S$'000	Total S$'000
At 1 January 2020	121	85	206
Tax charged to consolidated statement of comprehensive income	(38)	(63)	(101)
At 31 December 2020	83	22	105

At the end of the reporting period, the Group has unrecognised unused tax losses of approximately S$307,000 (2020: S$1,568,000) available for offset against future profits. No deferred tax asset has been recognised by Group in respect of these tax losses due to the unpredictability of future profit streams. All unutilised tax losses can be carried forward indefinitely under the current tax legislation.

At the end of the reporting period, the Group has unrecognised deductible temporary differences of approximately S$923,000 (2020: S$1,438,000). During the year, except for S$923,000 disclosed, unrecognised deductible temporary differences carried forward from prior years adjusted for tax representative's subsequent adjustment have been recognised as deferred tax assets. No deferred tax asset has been recognised in relation to the remaining deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

29. SHARE CAPITAL

	Par value HK$'	No. of shares	Share capital HK$'000
Authorised:			
At 1 January 2020	0.01	38,000,000	380
Increase on 18 February 2020 (Note (i))	0.01	1,962,000,000	19,620
At 31 December 2020, 1 January 2020 and 31 December 2021	0.01	2,000,000,000	20,000

	No. of shares	HK$'000	S$'000
Issued and fully paid:			
At 1 January 2020	100	–*	–*
Issue of shares pursuant to the Reorganisation (Note (ii))	100	–*	–*
Share issue pursuant to the Capitalisation (Note (iii))	797,999,800	7,980	1,436
Share issue pursuant to the Listing (Note (iv))	266,000,000	2,660	479
At 31 December 2020, 1 January 2021 and 31 December 2021	1,064,000,000	10,640	1,915

* Less than HK$1,000 and S$1,000

Notes:

(i) On 18 February 2020, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each by the creation of an additional 1,962,000,000 shares.

(ii) On 12 February 2020, the Controlling Shareholders collectively transferred all of their respective shareholdings in WG (BVI), the then holding company of the other companies comprising the Group prior to the Reorganisation for the purpose of Listing, to the Company. In consideration for such transfer of shares, an aggregate of 100 shares of the Company was issued, allotted and credited as fully paid to WGI BVI.

(iii) On 12 March 2020, 797,999,800 shares of HK$0.01 each were allotted and issued at par to the shareholders in proportion to their shareholding of the Company as at 18 February 2020 by capitalisation of an amount of HK$7,979,998 (equivalent to approximately S$1,436,000) standing to the credit of the share premium account of the Company.

(iv) On 12 March 2020, the Company issued 266,000,000 shares at HK$0.48 each through an initial public offering of shares and raised gross cash proceeds of approximately HK$128 million (equivalent to approximately S$22,983,000) (before listing expenses). Nominal value of 266,000,000 shares issued with par value of HK$0.01 per share is capitalised as share capital of HK$2,660,000 (equivalent to S$479,000). Share premium account of the Company amounted HK$125,020,000 (equivalent to S$22,504,000) is credited as a result of the Share Offer in excess of par value. The Company's shares were listed on the Stock Exchange on 12 March 2020.

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2021, there are two subsidiaries which are not wholly owned by the Group as set out in Note 16 to these consolidated financial statements (2020: Same). Below is the summary of financial information of RBS which is a major non-wholly-owned subsidiary with material non-controlling interests. The amounts disclosed below are before any inter-company elimination:

	2021	2020
	S$'000	S$'000
NCI percentage	**45%**	45%
Summarised statement of financial position		
Current assets	**6,292**	4,994
Non-current assets	**1,204**	797
Current liabilities	**(2,301)**	(1,940)
Non-current liabilities	**(228)**	(63)
Net assets	**4,967**	3,788
Carrying amount of NCI	**2,299**	1,769
Summarised statement of comprehensive income		
Revenue	**8,748**	5,658
Profit for the year	**1,178**	295
Total comprehensive income for the year	**1,178**	295
Profit allocated to NCI	**530**	133

Information of another partly-owned subsidiary is not individually material to disclose.

31. DIVIDENDS

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

No dividend has been paid or declared by the Company since its incorporation.

32. RELATED PARTY TRANSACTIONS

The directors are of the view that the following companies were related parties that had transactions or balances with the Group during the reporting period:

Name of the related party	Relationship with the Group through:
The controlling shareholders as defined in Note 1	Direct/indirect interests
Geenet Pte Ltd	Significant influence by Mr. Ng Choon Wee, son of NTS
Konnection Engineering Pte. Ltd. ("**Konnection**") (formerly known as Komasi Construction Pte Ltd) (Note (i))	Significant influence by Mr. Ng Choon Tat, son of NTS
Eastern Green Power Pte Ltd	Significant influence by NTS
D Trenchless Engineering Company Pte Ltd (Note (ii))	Controlled by the spouse of NML
Futurus Construction Pte Ltd	Joint venture of the Group
SWG Alliance Pte Ltd	Joint venture of the Group
SWG Resources Sdn Bhd	Wholly owned subsidiary by a joint venture of the Group
Tong Seng Concrete Products Trading Pte Ltd	Wholly owned subsidiary by a joint venture of the Group

Notes:

(i) Mr. Ng Choon Tat, transferred entire of his equity interests in Konnection to third parties on 17 November 2021. After the transfer of share, significant influence by Mr. Ng Choon Tat was lost, therefore, it is no longer a related party of the Group. Disclosure of related party transaction for the current period covered the period in which key management personnel had significant influence over, both the Group and Konnection until significant influence was lost (i.e. from 1 January 2021 up to 16 November 2021).

(ii) D Trenchless Engineering Company Pte Ltd has been struck off from the Register of Companies pursuant to Section 344A of the Companies Act, Chapter 50 of Singapore, with effect from 8 April 2021.

32. RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with related parties

	2021	2020
	S$'000	S$'000
Contract work revenue from		
Eastern Green Power Pte Ltd (Note (i))	**52**	248
Sale of goods to		
Futurus Construction Pte Ltd	**1**	1
Geenet Pte Ltd	**1**	1
Ancillary support services to		
Eastern Green Power Pte Ltd (Note (i))	**4**	50
Futurus Construction Pte Ltd	**36**	20
Konnection (Note 32(i))	**8**	3
Sub-contracting charges from		
Konnection (Note 32(i))	**(4,420)**	(2,088)
Futurus Construction Pte Ltd	**(47)**	(44)
Raw materials and consumables from		
Eastern Green Power Pte Ltd (Note (i))	**(10)**	–
Tong Seng Concrete Products Trading Pte Ltd	**(8)**	(91)
Transportation and vehicle expenses from		
Futurus Construction Pte Ltd	**(10)**	(6)
Konnection (Note 32(i))	**(4)**	–
Other operating expenses from		
Geenet Pte Ltd	**(14)**	(33)
Futurus Construction Pte Ltd	**(1)**	(1)
Purchase of property, plant and equipment from:		
Futurus Construction Pte Ltd	**–**	(135)
Konnection (Note 32(i))	**(15)**	–

Note

(i) This related party is a company which is owned as to 34.3% by NTS, an executive director and one of the Controlling Shareholders, and such related party transaction constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, this is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.

32. RELATED PARTY TRANSACTIONS *(continued)*

(b) Balances with related parties

		2021 S$'000	2020 S$'000
(i)	**Trade receivables**		
	Eastern Green Power Pte Ltd	–	179
	SWG Resources Sdn Bhd	–	–*
		–	179
(ii)	**Loan to a joint venture — Non-trade**		
	SWG Alliance Pte Ltd	600	–

* Less than S$1,000

The maximum of outstanding balance of loans to related parties during the year were as follows:

	2021 S$'000	2020 S$'000
SWG Alliance Pte Ltd	600	2,200

		2021 S$'000	2020 S$'000
(iii)	**Trade payables**		
	D Trenchless Engineering Company Pte Ltd	–	5
	Konnection (Note 32(i))	–	1,966
	Futurus Construction Pte Ltd	25	67
	Geenet Pte Ltd	2	19
	Tong Seng Concrete Products Trading Pte Ltd	3	31
		30	2,088

32. RELATED PARTY TRANSACTIONS *(continued)*

(c) All balances with related parties were unsecured, interest-free, repayable on demand and denominated in S$ during the year ended 31 December 2021 (2020: Same).

All receivables and payables are trade in nature and will be settled in accordance with the terms of the arrangement.

Transactions with related parties were conducted in the normal course of business at prices and at terms as agreed by the transacting parties.

(d) As at 31 December 2020, the Group's bank borrowings were secured by joint and several personal guarantees by the directors of the Company and its subsidiaries and corporate guarantee by the Company.

As at 31 December 2021, guarantees provided by related parties have been entirely replaced with corporate guarantees by the Company.

(e) As at 31 December 2020, the Group's performance bonds issued by insurance companies and bank were secured by several personal guarantees by the directors of the Company and its subsidiaries.

As at 31 December 2021, the Group's performance bonds issued by insurance companies and bank were replaced with corporate guarantees by the Company, in exception to personal guarantees to two insurance companies provided by the directors of the Company NTS, NTF and NTK (2020: Same) as the discharge is delayed even though consents received from insurance companies in principle prior to Listing.

(f) Key management compensation

Key management includes both executive and non-executive directors of the Group. The compensation paid or payable to key management was disclosed in Note 36 to the consolidated financial statements.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit/(loss) after income tax to net cash generated from operations

	Notes	2021 S$'000	2020 S$'000
Cash flows from operating activities			
Profit/(loss) before income tax		**2,794**	(3,698)
Adjustments for:			
Finance income	11	**(15)**	(10)
Finance costs	11	**1,115**	897
Allowance for impairment of trade receivables and contract assets		**913**	161
Foreign exchange loss — unrealised	8	**–***	–*
COVID-19 related rent concessions	8	**–**	(117)
Write down of inventories	9	**–**	4
Gain on disposal of property, plant and equipment, net	8	**(159)**	(92)
Loss on write off of property, plant and equipment, net	8	**1**	1
Depreciation of property, plant and equipment	14	**5,524**	4,651
Depreciation of right-of-use assets	26	**810**	760
Gain on termination of lease	8	**(4)**	(3)
Fair value (gain)/loss on investment properties	15	**(160)**	20
Changes in cash surrender value of key management insurance contracts		**(1)**	–*
Share of loss in joint ventures	17	**616**	392
Waiver of other borrowing granted	8	**(98)**	–
Operating cash flow before working capital changes		**11,336**	2,966
Changes in working capital			
Increase in inventories		**(487)**	(127)
Decrease in trade receivables		**550**	464
Decrease/(increase) in deposits, prepayments and other receivables		**3,155**	(2,568)
Increase in contract assets, net		**(1,349)**	(13,743)
Increase/(decrease) in trade and retention payables		**3,089**	(38)
Increase/(decrease) in accruals, other payables and provisions		**1,366**	(1,241)
Net cash generated from/(used in) operations		**17,660**	(14,287)

* Less than S$1,000

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2021 S$'000	2020 S$'000
Net book amount of disposed property, plant and equipment (Note 14)	**133**	210
Gain on disposal of property, plant and equipment (Note 8)	**159**	92
Total proceed from disposal of property, plant and equipment	**292**	302

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Cash flow information — Financing activities

This section sets out the movement of liabilities from financing activities for each of the reporting periods.

	Lease liabilities S$'000	Bank and other borrowings (excluded bank overdrafts) S$'000	Total S$'000
As at 1 January 2020	1,793	21,337	23,130
Financing cash flows			
Interest paid	(72)	(805)	(877)
Lease payments	(631)	–	(631)
Proceeds from of bank borrowings	–	47,278	47,278
Repayments of bank borrowings	–	(34,336)	(34,336)
	(703)	12,137	11,434
Non-cash items			
Interest expenses (Note 11)	72	805	877
New lease entered (Note 26)	503	–	503
Early termination of leases	(68)	–	(68)
COVID-19 related rent concessions (Note 8)	(117)	–	(117)
	390	805	1,195
As at 31 December 2020 and 1 January 2021	1,480	34,279	35,759
Financing cash flows			
Interest paid	(135)	(959)	(1,094)
Lease payments	(771)	–	(771)
Proceeds from bank borrowings	–	35,164	35,164
Repayments of bank and other borrowings	–	(42,823)	(42,823)
	(906)	(8,618)	(9,524)
Non-cash items			
Interest expenses (Note 11)	135	959	1,094
New lease entered (Note 26)	3,507	–	3,507
Early termination of leases	(71)	–	(71)
Finance acquisition of property (Note 14)	–	9,000	9,000
Finance acquisition of other plant and equipment	–	2,327	2,327
Waiver of other borrowing (Note 8)	–	(98)	(98)
	3,571	12,188	15,759
As at 31 December 2021	4,145	37,849	41,994

34. CAPITAL COMMITMENT

Capital expenditure contracted for as the end of the reporting period but not recognised in the consolidated financial statements is as follows:

	2021	2020
	S$'000	S$'000
Commitments in respect of:		
— Property (Note)	**–**	8,550
— Other plant and equipment	**319**	605
	319	9,155

Note:

During the year ended 31 December 2020, the Group entered into an agreement with an independent third party to acquire a property at a total consideration of S$9,000,000. As at 31 December 2020, deposit of 5% of consideration and related cost of approximately S$715,000 in aggregate were paid (Note 22).

The acquisition of the property completed on 7 April 2021 and the deposit paid were utilised for settlement of transaction costs and goods and services tax payable to seller.

35. CONTINGENCIES

The Group had performance bonds for guarantees of completion of projects issued by insurance companies and a bank amounting to approximately $12,917,000 as at 31 December 2021 (2020: S$13,860,000).

The Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to S$1,660,000 as at 31 December 2021 (2020: S$1,890,000).

36. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

(a) Directors' emoluments

The remunerations of the directors for the years ended 31 December 2021 and 2020 is set out below:

	Fee S$'000	Salaries S$'000	Discretionary bonuses S$'000	Retirement benefit — defined contribution plans S$'000	Total S$'000
For the year ended 31 December 2021					
Executive directors					
Ng Tian Soo	**10**	**540**	**164**	**9**	**723**
Ng Tian Fah	**–**	**456**	**136**	**17**	**609**
	10	**996**	**300**	**26**	**1,332**
Independent non-executive Directors					
Gary Ng Sin Tong (alias Gary Huang Chendong)	**21**	**–**	**–**	**–**	**21**
Lee Wing Yin Jessica	**21**	**–**	**–**	**–**	**21**
George Christopher Holland	**21**	**–**	**–**	**–**	**21**
	63	**–**	**–**	**–**	**63**
	73	**996**	**300**	**26**	**1,395**
For the year ended 31 December 2020					
Executive directors					
Ng Tian Soo	10	522	155	9	696
Ng Tian Fah	–	441	141	17	599
	10	963	296	26	1,295
Independent non-executive Directors					
Gary Ng Sin Tong (alias Gary Huang Chendong)	17	–	–	–	17
Lee Wing Yin Jessica	17	–	–	–	17
George Christopher Holland	17	–	–	–	17
	51	–	–	–	51
	61	963	296	26	1,346

36. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES) *(continued)*

(a) Directors' emoluments *(continued)*

Gary Ng Sin Tong (alias Gary Huang Chendong), Lee Wing Yin Jessica and George Christopher Holland were appointed as independent non-executive directors on 18 February 2020. The directors' emoluments shown above are for their services as of the Company.

Ng Tian Soo is the chairman and executive director of the Company and his emoluments disclosed above include those for services rendered by him as the chairman and executive director.

* The discretionary bonus is an incentive based on individual performance which has been determined and approved by the remuneration committee.

(b) Directors' retirement benefits

During the year ended 31 December 2021, no retirement benefits were paid to or receivable by any director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking (2020: Nil).

(c) Directors' termination benefits

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

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

No payment was made to third parties for making available directors' services during the year ended 31 December 2021 (2020: Nil).

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

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

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

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company 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 years ended 31 December 2021 (2020: Nil).

37. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

As at 31 December 2021

	Notes	2021 S$'000	2020 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1**	4
Investment in subsidiaries	16	**15,953**	15,953
		15,954	15,957
Current assets			
Deposits and prepayments		**1,236**	2,633
Amounts due from subsidiaries		**7,159**	7,574
Cash and cash equivalents		**12**	256
		8,407	10,463
Current liabilities			
Other payables and accruals		**144**	122
		144	122
Net current assets		**8,263**	10,341
Net assets		**24,217**	26,298
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	**1,915**	1,915
Share premium		**15,475**	15,475
Accumulated losses		**(8,537)**	(6,291)
Other reserve		**15,954**	15,954
Exchange reserve		**(590)**	(755)
Total equity		**24,217**	26,298

The statement of financial position of the Company was approved by the Board of Directors on 23 March 2022 and are signed on its behalf by:

Mr. Ng Tian Soo
Director

Mr. Ng Tian Fah
Director

37. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

	Share premium S$'000	Other reserve S$'000	Exchange reserve S$'000	Accumulated losses S$'000	Total S$'000
As 1 January 2020	–	–	–	(3,647)	(3,647)
Loss for the year	–	–	–	(2,644)	(2,644)
Other comprehensive loss for the year, net of tax	–	–	(755)	–	(755)
Total comprehensive loss for the year	–	–	(755)	(2,644)	(3,399)
Transaction with equity holders of the Company, recognised in equity:					
Share issue pursuant to the Capitalisation (Note 29(iii))	(1,436)	–	–	–	(1,436)
Share issue pursuant to the Listing (Note 29(iv))	22,504	–	–	–	22,504
Listing expenses charged to share premium	(5,593)	–	–	–	(5,593)
Other reserve (Note)	–	15,954	–	–	15,954
At 31 December 2020 and 1 January 2021	15,475	15,954	(755)	(6,291)	24,383
Loss for the year	–	–	–	(2,246)	(2,246)
Other comprehensive income for the year, net of tax	–	–	165	–	165
Total comprehensive loss for the year	–	–	165	(2,246)	(2,081)
At 31 December 2021	15,475	15,954	(590)	(8,537)	22,302

Note:

This comprises of the difference between the aggregate carrying amounts of the net assets of WG (BVI) acquired by the Company and the nominal value of the shares issued by the Company pursuant to the Reorganisation.

38. SUBSEQUENT EVENTS

There are no significant events affecting the Company and its subsidiaries which have occurred after the year ended 31 December 2021 and up to the date of this report.