冠轈控股有限公司

GUAN CHAO HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1872

2021

ANNUAL REPORT

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. Tan Shuay Tarng Vincent
(Chairman and Chief Executive Officer)
Ms. Ng Hui Bin Audrey
Ms. Beng Lee Ser Marisa

NON-EXECUTIVE DIRECTOR

Mr. Raymond Wong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Wing Tung
Mr. Hui Yan Kit
Mr. Tam Yat Kin Ken

AUDIT COMMITTEE

Mr. Chow Wing Tung *(Chairman)*
Mr. Hui Yan Kit
Mr. Tam Yat Kin Ken

REMUNERATION COMMITTEE

Mr. Hui Yan Kit *(Chairman)*
Mr. Chow Wing Tung
Mr. Tam Yat Kin Ken

NOMINATION COMMITTEE

Mr. Tam Yat Kin Ken *(Chairman)*
Mr. Chow Wing Tung
Mr. Hui Yan Kit

COMPLIANCE OFFICER

Mr. Tan Shuay Tarng Vincent

COMPANY SECRETARY

Mr. Lui Wai Sing

AUTHORISED REPRESENTATIVES

Mr. Tan Shuay Tarng Vincent
Mr. Lui Wai Sing

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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Singapore 159630

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 5705, 57/F, The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

United Overseas Bank Limited
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UOB Plaza
Singapore 048624

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Textile Centre
Singapore 199018

COMPANY'S WEBSITE

www.guanchaoholdingsltd.com

STOCK CODE

1872

Chairman's Statement

Dear shareholders,

On behalf of the board of Directors (the "Board") of Guan Chao Holdings Limited (the "Company", together with its subsidiaries, the "Group"), it is my pleasure to present the first annual report of the Group for the financial year ended 31 December 2021 ("FY2021").

PERFORMANCE REVIEW

The Group's revenue increased by approximately S$85.5 million from approximately S$160.9 million for the year ended 31 December 2020 ("FY2020") to approximately S$246.4 million for FY2021. The increase in revenue was primarily attributable to the increase in sales of motor vehicles amounted to approximately S$83.4 million. This was mainly driven by the recovery from the adverse impact brought by the novel coronavirus disease (COVID-19) pandemic and continuous and effective control of COVID-19 in Singapore, as compared to the closure of the Group's showrooms in the second quarter of FY2020 due to the circuit breaker measures implemented by the Singapore government in response to COVID-19 pandemic in the country. The Group's gross profit increased by approximately S$10.0 million from approximately S$18.4 million for FY2020 to approximately S$28.4 million for FY2021, which was mainly attributable to the increase in the gross profit of sales of motor vehicles business. The overall gross profit margin remained stable at approximately 11.4% for FY2020 and 11.5% for FY2021.

The Group recorded a profit and total comprehensive income of approximately S$10.0 million for FY2021 as compared to a profit and total comprehensive income of approximately S$3.3 million for FY2020. Such increase in profit for FY2021 was primarily due to the (i) increase in gross profit by approximately S$10.0 million; (ii) decrease in general and administrative expenses of approximately S$0.7 million and offset by the (iii) increase in selling and distribution expenses by approximately S$1.8 million and (iv) increase in income tax expenses by approximately S$1.6 million.

OUTLOOK

Besides the impact from the COVID-19, the sales of motor vehicles have been also affected by the policies of the Singapore government to limit and tighten the Certificate of Entitlement quota by only replacing the number of deregistered motor vehicles since 2019 and such downward trend is expected to continue in coming years.

Looking forward to 2022, COVID-19 will continue to rage globally and there are still many uncertainties in the road of global recovery even though various countries have started the vaccination against the COVID-19. In addition, the Sino-U.S. relation is still not optimistic, and the global economic environment will become more complicated and severe. As such, the Group is expected to be faced with challenges in its operation in the foreseeable future.

The Group will continue to exercise cost control, uphold quality service to customers and maintain good relationships with suppliers. At the same time, The Group will adopt a cautious approach in the upcoming year and will continue to focus on strengthening its position in the sales of motor vehicles business in Singapore and increasing its market share.

Chairman's Statement

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all shareholders, customers, suppliers, employees and other business partners of the Group for their continuous support. I would also like to take this opportunity to thank all of the management team and staff for their commitment and dedication to helping the Group and their efforts, diligence and contribution during the year.

On behalf of the Board

Mr. Tan Shuay Tarng Vincent
Chairman and Executive Director

Hong Kong, 31 March 2022

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in selling new parallel-import motor vehicles and pre-owned motor vehicles, with the main business being the sales of brand new parallel-import motor vehicles in Singapore. Apart from the sales of motor vehicles, the Group also provides related services and products, such as (i) provision of motor vehicle financing services; (ii) provision of motor vehicle insurance agency services; and (iii) sales of motor vehicle spare parts and accessories.

During the year ended 31 December 2021, the Group sold 1,358 and 865 units of new motor vehicles and pre-owned motor vehicles, respectively, representing an increase of approximately 12.2% and 72.7%, respectively, as compared with 1,210 and 501 units of new motor vehicles and pre-owned motor vehicles sold, respectively, for FY2020. Such increase was mainly attributable to the increase in revenue as a result of increased demand from customers. This was mainly driven by the recovery from the adverse impact brought by COVID-19 in 2021 as the pandemic remained under control in Singapore, compared to the closure of the Group's showrooms for more than two months in the first half of FY2020 due to the safe distancing measures implemented by the Ministry of Health of Singapore to curb further spread of COVID-19.

Business Outlook

The impact brought about by the outbreak of COVID-19 remains uncertain and may continue to pose a challenge on the Group's business and financial performance going forward. The management of the Group will continue to use its best endeavour to adopt appropriate business strategies by exercising effective cost control, upholding quality service to customers and maintaining good relationships with major suppliers and to strengthen its market position as the leading parallel-import dealer in Singapore.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately S$85.5 million or 53.1% from approximately S$160.9 million for FY2020 to approximately S$246.4 million for FY2021, which was mainly attributable to the increase in sales of motor vehicles amounted to approximately S$83.4 million or 55.0%.

Sales of motor vehicles

The sales of motor vehicles increased by approximately S$83.4 million or 55.0% which was mainly attributable to the increase in sales of new motor vehicles by approximately S$47.5 million or 36.8%. The increase in sales of new motor vehicles was mainly due to the increase in units of motor vehicles sold by 148 units from 1,210 units for FY2020 to 1,358 units for FY2021, and the average selling price of new motor vehicles sold increased from approximately S$107,000 for FY2020 to approximately S$130,000 for FY2021.

The sales of pre-owned motor vehicles increased by approximately S$35.9 million or 159.7%, which was mainly due to the increase in the units of motor vehicles sold by 364 units from 501 units for FY2020 to 865 units for FY2021 and the average selling price of pre-owned motor vehicle sold increased from approximately S$45,000 for FY2020 to approximately S$67,000 for FY2021.

Management Discussion and Analysis

Motor vehicle financing services

The Group's revenue from motor vehicle financing services increased by approximately S$1.8 million or 30.0% from approximately S$6.0 million for FY2020 to approximately S$7.8 million for FY2021 respectively. The increase was mainly attributable to the increment of financing arrangements as a result of the increase in the sales of motor vehicles.

Insurance agency services

The Group's commission income from insurance companies for referral of the customers varied depending on the insurance premium under the insurance policies. The Group's commission income from insurance companies remained stable for FY2020 and FY2021 which amounted to approximately S$0.6 million and S$0.7 million, respectively.

Leasing of motor vehicles

The income from leasing of motor vehicles increased by approximately S$0.4 million or 14.8% from approximately S$2.7 million for FY2020 to approximately S$3.1 million for FY2021. The increase was mainly due to special discount given to customers during the outbreak of COVID-19 during FY2020. The Group's number of motor vehicles being rented to customers was 132 units and 147 units as at 31 December 2020 and 2021, respectively.

Sales of spare parts and accessories

The income from sales of spare part and accessories increased by approximately S$55,000 or 100.0% from S$nil for FY2020 to approximately S$55,000 for FY2021.

Cost of sales

The Group's cost of sales increased by approximately S$75.6 million or 53.1% from approximately S$142.5 million for FY2020 to approximately S$218.1 million for FY2021. The increase was mainly due to the increase in cost of motor vehicles (and related costs) sold in FY2021.

For FY2021, the cost of motor vehicles (and related costs) sold increased by approximately S$75.6 million or 53.9% from approximately S$140.2 million for FY2020 to approximately S$215.8 million for FY2021 and was in line with the increase in sales of motor vehicles.

Gross profit and gross profit margin

As a result of the foregoing, the Group's total gross profit increased by approximately S$10.0 million or 54.3% from approximately S$18.4 million for FY2020 to approximately S$28.4 million for FY2021, which was mainly attributable to the increase in the gross profit from sales of motor vehicles business. The overall gross profit margin remained stable at approximately 11.4% for FY2020 and approximately 11.5% for FY2021.

Management Discussion and Analysis

Sales of motor vehicles

The Group's gross profit from sales of motor vehicles increased by approximately S$7.8 million, or 69.0% from approximately S$11.3 million for FY2020 to approximately S$19.1 million for FY2021, and the Group's gross profit margin for sales of motor vehicles was approximately 7.5% for FY2020 and approximately 8.1% for FY2021. For FY2021, the Group sold proportionately more European brands of motor vehicles as compared with FY2020, which are normally sold at a higher margin as compared to Japanese brands and sense higher overall gross profit margin.

Motor vehicle financing services

The net interest spread for FY2021 increased by approximately 0.6% from approximately 4.7% for FY2020 to approximately 5.3% for FY2021, as a result of a larger decrease of approximately 0.8% in the average interest expense than a decrease of approximately 0.2% in the average yield on finance lease receivables.

Leasing of motor vehicles

The Group's gross profit from leasing of motor vehicles increased by approximately S$0.3 million or 60.0%, from approximately S$0.5 million for FY2020 to approximately S$0.8 million for FY2021, with the Group's gross profit margin from leasing of motor vehicles increased from approximately 16.8% for FY2020 to 24.6% for FY2021. Such increase in gross profit margin was mainly due to the revenue from leasing of motor vehicle had increased by approximately S$0.4 million or 14.8%, while the costs of leasing of motor vehicles remained stable at approximately S$2.3 million and S$2.3 million for FY2020 and FY2021 respectively.

Sales of spare parts and accessories

The Group's gross profit from sales of spare parts and accessories increased by approximately S$55,000 or 100.0%, from nil for FY2020 to approximately S$55,000 for FY2021, while the Group's gross profit margin from sales of spare parts and accessories increased from nil for FY2020 to 100% for FY2021.

Other income

The Group's other income decreased by approximately S$0.5 million or 45.5% from approximately S$1.1 million for FY2020 to approximately S$0.6 million for FY2021. The decrease was mainly due to the decrease of government grants by approximately S$0.6 million under Job Support Scheme ("JSS") and Jobs Growth Inventive ("JGI"). The JSS and JGI are a temporary schemes introduced in the Singapore Budget 2021 to help enterprises to retain and hire local employees.

Other (losses)/gains, net

The Group's other (losses)/gains, net decreased by approximately S$320,000 or 113.1% from a net gain of approximately S$283,000 for FY2020 to a net loss of approximately S$37,000 for FY2021 which was mainly due to the combination effect of (i) foreign exchange gains of approximately S$387,000 for FY2020 to foreign exchange losses of approximately S$160,000 for FY2021; and (ii) the disposal of property, plant and equipment recorded from loss of approximately S$123,000 for FY2020 to gain of approximately S$96,000 for FY2021.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately S$1.8 million or 45.0% from approximately S$4.0 million for FY2020 to approximately S$5.8 million for FY2021. The increase was mainly due to the increase in advertising and marketing expenses and sales commission to external parties and salespersons for FY2021.

General and administrative expenses

The Group's general and administrative expense decreased by approximately S$0.7 million or 7.4% from approximately S$9.5 million for FY2020 to approximately S$8.8 million for FY2021. The decrease was mainly attributable to the decrease of depreciation expense and rental expenses.

Finance income and finance expenses

Finance income represents bank interest income. The Group had minimal finance income for FY2021.

The Group's finance expenses decreased from approximately S$2.1 million for FY2020 to S$1.8 million for FY2021. The decrease was mainly due to the decrease in interest expenses on block discounting financing of approximately S$0.3 million as a result of the decrease in average effective interest rate of approximately 3.7% for FY2020 to approximately 3.5% for FY2021.

Income tax expense

The Group's income tax expense increased by approximately S$1.6 million or 177.8% from approximately S$0.9 million for FY2020 to approximately S$2.5 million for FY2021, which was mainly due to the increase in taxable profit from the Group's operation in Singapore.

Profit and total comprehensive income for the year and net profit margin

As a result of the foregoing, the Group's profit and total comprehensive income for the year increased by approximately S$6.7 million or 203.0% from approximately S$3.3 million for FY2020 to approximately S$10.0 million for FY2021 and the Group's net profit margin increased from approximately 2.0% for FY2020 to approximately 4.1% for FY2021. Such increase in profit for FY2021 was primarily due to the (i) increase in gross profit by approximately S$10.0 million; (ii) decrease in general and administrative expenses of approximately S$0.7 million and offset by the (iii) increase in selling and distribution expenses by approximately S$1.8 million and (iv) increase in income tax expenses by approximately S$1.6 million.

Management Discussion and Analysis

Other Financial Information (Non-IFRS measures)

To supplement the consolidated financial statements presented in accordance with IFRS, the Company also uses non-IFRS measures, namely EBITDA and adjusted EBITDA, as an additional financial measure, which are not required by or presented in accordance with IFRS. The Company believes that such non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of the operating performance. The Company believes that such measures provide useful information to investors and others in understanding and evaluating the consolidated results of operations in the same manner as it helps the management. However, the presentation of EBITDA and adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Company's results of operations or financial conditions as reported under IFRS.

	For the year ended 31 December	
	2021	2020
	S$'000	S$'000
Reconciliation of operating profit to EBITDA and adjusted EBITDA:		
Operating profit	**14,146**	6,165
Add:		
Depreciation	**3,075**	3,345
EBIDTA	**17,221**	9,510
Add:		
Equity-settled share-based payments	**—**	1,440
Less:		
Government grants under JSS and JGI	**(202)**	(809)
Adjusted EBIDTA	**17,019**	10,141

CAPITAL STRUCTURE

As at 31 December 2021, the capital structure of the Group consisted of borrowings and equity of the Group, comprising share capital, share premium, capital reserve, share based payment reserve and retained earnings.

LIQUIDITY AND FINANCIAL RESOURCES

During FY2021, the Group's working capital was financed by internal resources, borrowings and net proceeds from the public offer and the placing (collectively, the "Share Offer") on 28 February 2019.

The Group's primary uses of cash are for purchases of motor vehicles for sale and leasing purposes and for funding of the Group's operations. The Group has financed its operations mainly by various forms of borrowings, including bank loans, floor inventory advances, trust receipts, block discounting, lease liabilities, hire purchase liabilities and term loan, etc.

LIQUIDITY RATIOS

As at 31 December 2021, the Group had cash and bank balances of approximately S$6.6 million (2020: approximately S$6.8 million). The Group's current ratio, debt to equity ratio and gearing ratio ratios are as follows:

	As at 31 December	
	2021	2020
Current ratio	**2.3**	2.1
Debt to equity ratio	**75.3%**	100.4%
Gearing ratio	**39.0%**	46.4%

Current ratio represents the current assets over current liabilities as at the end of the respective date.

Debt to equity ratio is determined by dividing total debt by total equity as at the end of the respective date. Total debt includes borrowings.

Gearing ratio equals net debt, which represents total debt net of cash and cash equivalents, over total capital as at the end of the respective date. Total capital includes total equity and net debt.

BORROWINGS AND PLEDGE OF ASSETS

As at 31 December 2021, the Group had borrowings of approximately S$44.3 million (2020: approximately S$49.0 million). Certain borrowings were secured by certain inventories, leasehold properties, motor vehicles, finance lease receivables and corporate guarantee provide by the Company as disclosed in note 19 to the consolidated financial information of this annual report.

The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings, which enable the Group to continue its business for the foreseeable future.

CAPITAL EXPENDITURE AND COMMITMENTS

During FY2021, the capital expenditures amounted to approximately S$5.4 million which was used for the purchases of property, plant and equipment in Singapore (2020: approximately S$2.7 million). The Group finances its capital expenditures primarily through cash generated from operating activities and bank borrowings.

As at 31 December 2021, the Group did not have material capital commitments (2020: nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investment, material acquisition and disposal of subsidiaries and affiliated companies during the year ended 31 December 2021.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The Group is exposed to foreign exchange risk arising from various currency exposure, primarily with respect to Sterling pound, Japanese yen and Hong Kong dollars. The Group's exposure to other foreign exchange movements is not material. No hedging activities had been made by the Group during the year ended 31 December 2021.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2021 (2020: nil).

EMPLOYEE, EMPLOYEE REMUNERATION AND REMUNERATION POLICY

As at 31 December 2021, the Group employed a total of 100 employees (2020: 79 employees), excluding the Directors. Employee benefit expense (including directors' emoluments) of approximately S$9.2 million incurred for the year ended 31 December 2021 (2020: S$7.9 million).

The remuneration package of the employee mainly includes salaries and allowances, sales commission and bonuses. The remuneration of the employees is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. The Company has adopted a share option scheme to reward the employees for their contribution to the Group and to provide them with incentives to further contribute to the Group.

The Group also provides in-house trainings to the staff which aim at updating their product knowledge, as well as improving their technical skills.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus dated 13 February 2019 (the "Prospectus") and the plan for setting up the motor vehicle workshop as disclosed in the section headed "Use of Proceeds" of this annual report, the Group did not have plans for material investments and capital assets as at 31 December 2021.

USE OF PROCEEDS

The total net proceeds raised from the Listing (the "Net Proceeds") were approximately HK$52.9 million after deduction of underwriting fees and commissions and estimated expenses payable by the Group in connection with the Share Offer.

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

	Approximate percentage of total amounts	Actual Net Proceeds HK$'000	Planned utilised amounts as at 31 December 2021 HK$'000	Utilised amounts as at 31 December 2021 HK$'000	Unutilised amounts as at 31 December 2021 HK$'000
Expanding the scale of the Group's motor vehicle hire purchase financing business	45.8%	24,230	**24,230**	**24,230**	**—**
Expanding the scale of the Group's pre-owned motor vehicle sales business	30.2%	15,974	**15,974**	**15,974**	**—**
Setting up a motor vehicle workshop	10.4%	5,499	**5,499**	**—**	**5,499**
Enhancing the Group's branding, sales and marketing efforts	7.7%	4,062	**4,062**	**4,062**	**—**
Working capital	5.9%	3,148	**3,148**	**3,148**	**—**
Total	**100%**	**52,913**	**52,913**	**47,414**	**5,499**

The reason for the under-utilisation of the Net Proceeds was caused by the delay of setting up a motor vehicle workshop. As set out in the annual report of the Group for the year ended 31 December 2019, it was intended that the Group will set up its own motor vehicle workshop and utilise the remaining proceeds of approximately HK$5.5 million by FY2020. As Singapore's economy has been severely affected by the outbreak of COVID-19 since the 1st quarter of FY2020, the Directors were prudent for the business expansion and that the plan for setting up the motor vehicle workshop has been further delayed to 2022.

DIRECTORS

Executive Directors

Mr. Tan Shuay Tarng Vincent (陳率堂先生) (formerly named as "Tan Swee Poh Vincent 陳瑞寶") ("Mr. Vincent Tan"), aged 58, is the founder and was appointed as a Director on 4 July 2017. He was re-designated as an executive Director and appointed as the Chairman and Chief Executive Officer on 12 January 2018. He is also a director of all of the Company's subsidiaries. As Chief Executive Officer, Mr. Vincent Tan is responsible for the Group's overall management, strategy and business development, and has been instrumental in growing and expanding the Group.

Mr. Vincent Tan has over 30 years of experience in the motor vehicle industry in Singapore. Before establishing Vincar Trading as a sole proprietorship in October 1989, Mr. Vincent Tan was the sole proprietor of Hoon Soon Car Trading, which principally engaged in the retail sales of motor vehicles from January 1988 to August 1993.

Mr. Vincent Tan was awarded a Diploma in Civil Engineering from the Singapore Polytechnic in May 1983. He then served in the Singapore Armed Forces as an infantry officer from June 1983 to December 1985.

Mr. Vincent Tan is the spouse of Ms. Beng Lee Ser Marisa, an executive Director of the Company, who is the step-sister of Ms. Ng Hui Bin Audrey, an executive Director of the Company. In addition, he is a director of Gatehouse Ventures Limited, a controlling shareholder of the Company.

Ms. Ng Hui Bin Audrey (黃慧敏女士) ("Ms. Ng"), aged 46, was appointed as a Director on 25 September 2017 and re-designated as an executive Director on 12 January 2018. She is also a senior manager of administration and operations department of the Group, since May 2011. As senior manager, she is responsible for supervising the administration team and providing support to the sales and logistics teams. Ms. Ng joined our Group as Assistant Administration Manager in March 2005 and has approximately 20 years of experience in performing administrative and office support duties.

Ms. Ng started her career in 1996 as a reservation clerk at Sedona Hotels International, a hospitality company in Singapore. Subsequently, she joined Singapore International Convention and Exhibition Centre as a sales administrator in 1997.

Ms. Ng was awarded a Diploma in Business Studies (Leisure & Travel Management) from the Ngee Ann Polytechnic, Singapore in August 1997.

Ms. Ng is the step-sister of Mrs. Marisa Tan, who is the executive Director of the Company and the spouse of Mr. Vincent Tan, the Chairman and an executive Director of the Company.

Ms. Beng Lee Ser Marisa (孟禧臻女士) ("Mrs. Marisa Tan"), aged 48, was appointed as a Director on 6 July 2020. Mrs. Marisa Tan is also the Group's Chief Operating Officer. She has been with the Group since its inception, and is currently responsible for the Group's branding and marketing strategy and affairs. In addition, she oversees the Group's human resources and employee engagement matters. Previously, she was also involved in the management and implementation of the Group's operational and administrative processes.

Mrs. Marisa Tan is the spouse of Mr. Vincent Tan, the Chairman and an executive Director of the Company, and she is the step-sister of Ms. Ng Hui Bin Audrey, an executive Director of the Company.

Biographies of Directors and Senior Management

Non-Executive Director

Mr. Raymond Wong (王湔寬先生) ("Mr. Wong"), aged 56, was appointed as a Director on 25 September 2017 and re-designated as a non-executive Director on 12 January 2018. Mr. Wong has more than 25 years of experience in the legal profession.

Mr. Wong is presently a director and shareholder of RWong Law Corporation with effect from November 2019. He was a named partner of Wong Thomas & Leong, a Singapore law firm, from 1999 to 2019.

Mr. Wong was awarded a Bachelor of Laws (Honours) from the University of London in 1990. He became a barrister-at-law of The Honourable Society of Gray's Inn in 1991 and was admitted as an Advocate & Solicitor of the Supreme Court of Singapore in 1992.

Independent Non-Executive Directors

Mr. Chow Wing Tung (周永東先生) ("Mr. Chow"), aged 47, was appointed as an independent non-executive Director on 1 February 2019. Mr. Chow has over 15 years of experience in accounting, auditing and corporate finance.

Mr. Chow is currently and has been the financial controller of Synear Food Holdings Limited ("Synear") since April 2005. Synear and its subsidiaries engage in the manufacture and sales of quick freeze food products in the PRC. Synear was listed on the main board of Singapore Exchange Limited and has been voluntarily delisted since December 2013. From January 2004 to January 2005, Mr. Chow was the financial controller of China Paper Holdings Limited (SGX: C71), a company engaged in the manufacture and sales of paper and paper chemical products in the PRC and whose shares were listed on the main board of Singapore Exchange Limited and has been delisted since May 2021.

From June 2013 to March 2019, Mr. Chow was appointed as an independent non-executive Director of China Bio Cassava Holdings Limited (currently known as Cloud Investment Holdings Limited) (stock code: 8129), a company principally engaging in the software products businesses, the shares of which was listed on GEM of the Stock Exchange and has been delisted since 26 March 2019. From May 2016 to November 2017, Mr. Chow was an independent non-executive Director of Chuan Holdings Limited (stock code: 1420), a company principally engaging in the business of provision of earthworks and related services and general construction in Singapore, the shares of which are listed on the Main Board. From November 2014 to May 2017, Mr. Chow was an independent non-executive Director of Jimei International Entertainment Group Limited (currently known as Starlight Culture Entertainment Group Limited) (stock code: 1159), a company primarily engaged in entertainment and gaming business, trading of chemical, energy conservation, and environmental protection products and media and culture business, the shares of which are listed on the Main Board.

Mr. Chow graduated from the University of Toronto with a Bachelor of Commerce degree in November 1997. Mr. Chow is a certified public accountant certified by the Washington State Board of Accountancy since 2001, a member of the American Institute of Certified Public Accountants since October 2001, a certified public accountant certified by the Hong Kong Institute of Certified Public Accountants since July 2003 and a Chartered Global Management Accountant certified by the American Institute of Certified Public Accountants since July 2012.

Biographies of Directors and Senior Management

Mr. Hui Yan Kit (許人傑先生) ("Mr. Hui"), aged 48, was appointed as an independent non-executive Director on 1 February 2019. Mr. Hui has over 20 years of experience in business management, sales and marketing both in Hong Kong and the PRC.

Mr. Hui is currently the general manager of Shanghai Ngai Hing Plastic Materials Co., Limited, a wholly owned subsidiary of Ngai Hing Hong Company Limited (stock code: 1047) ("Ngai"). Ngai and its subsidiaries are engaged in manufacture and sales of plastic materials both in Hong Kong and the PRC and whose shares are listed on the Main Board. Mr. Hui joined Ngai in 1998 and is responsible for sales and marketing of plastic materials in Shanghai and the eastern region of the PRC.

Mr. Hui graduated from the University of Toronto with a Bachelor of Arts degree in November 1998. Mr. Hui was appointed in July 2004 as an independent non-executive Director of Century Legend (Holdings) Limited (stock code: 0079), a company principally engaging in property investments in both Hong Kong and Macau and whose shares are listed on the Main Board.

Mr. Tam Yat Kin Ken (譚日健先生) ("Mr. Tam"), aged 44, was appointed as an independent non-executive Director on 1 February 2019. Mr. Tam has more than 13 years' experience in managing business development, project management and corporate transformations.

Mr. Tam is currently the managing director of KS Enterprises Hong Kong Limited, a company engaged in wine investment and management. He has been responsible for the general management of the company since June 2015. He served as the chief operating officer for DT International Holdings Limited from 2011 to 2015, a printing and packaging solution provider. Mr. Tam was the managing director of Green Impact Solution Limited between 2009 and 2011, an energy efficient solution provider. Prior to that, he served Fincentric Corporation, a global banking software provider, in various capacities from 2000 to 2007, including product director from 2006 to 2007.

Mr. Tam graduated from the University of British Columbia with a Bachelor of Applied Science degree in 2000. He was awarded a Master of Business Administration degree by the University of Cambridge in 2009. Mr. Tam has been a full member of the Hong Kong Computer Society since 2010.

SENIOR MANAGEMENT

Ms. Koh Hui Kian (辜慧娟女士) ("Ms. Koh"), aged 47, is the Group's finance manager. She has been with the Group since 5 March 2018. Her main duties include financial and management reporting. She has more than 20 years' experience in accounting sector.

Ms. Koh obtained her affiliate certificate from ACCA in 2000. She is a member of the Institute of Singapore Chartered Accountants.

COMPANY SECRETARY

Mr. Lui Wai Sing (呂偉勝先生) ("Mr. Lui"), aged 33, was appointed as company secretary of the Company on 12 January 2018.

Mr. Lui has over 7 years of working experience in auditing field. Mr. Lui was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in September 2013. He received a Bachelor of Business Administration from Lingnan University in October 2009.

Corporate Governance Report

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

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2021, the Company has applied the principles of and complied with all the applicable code provisions set out from time to time in the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules, save and except for the following deviations from code provisions A.2.1 and C.2.5 of the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive shall be separated and shall not be performed by the same individual. Mr. Vincent Tan currently holds both positions. Throughout the business history, Mr. Vincent Tan, as a founder and the controlling shareholder of the Group, has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors, including the independent non-executive Directors consider that Mr. Vincent Tan is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the shareholders as a whole.

Under code provision C.2.5 of the CG Code, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the audit committee and the Board. In addition, the audit committee has communicated with external auditor of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the Period.

BOARD OF DIRECTORS

Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business and investment plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the articles of association of the Company (the "Articles of Association"). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The Board may from time to time delegate certain functions to management if and when considered appropriate. Management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and other duties assigned to it from time to time.

The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Composition

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this report, the Board comprises the following seven Directors, of which the independent non-executive Directors in aggregate represent more than one-third of the Board members:

Executive Directors

Mr. Tan Shuay Tarng Vincent *(Chairman and Chief Executive Officer)*
Ms. Ng Hui Bin Audrey
Ms. Beng Lee Ser Marisa

Non-Executive Director

Mr. Raymond Wong

Independent Non-Executive Directors

Mr. Chow Wing Tung
Mr. Hui Yan Kit
Mr. Tam Yat Kin Ken

The biographies of each of the Directors and the relationship between the Board members are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

Throughout the Period, the Company had three independent non-executive Directors, meeting the requirements of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board members, and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual confirmation of independence in writing from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Company considers that all the independent non-executive Directors are independent and have met the independence guidelines as set out in Rule 3.13 of the Listing Rules during the year ended 31 December 2021 and up to the date of this annual report.

Proper insurance coverage in respect of legal actions against the Directors' liabilities has been arranged by the Company.

The non-executive Director has been appointed for a fixed term and is subject to retirement by rotation and re-election at the Company's annual general meetings.

Directors' Induction and Continuing Professional Development

Pursuant to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Pursuant to the code provision A.6.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. Prior to the Listing of the Company, each of the aforesaid Directors have attended the training courses conducted by the legal adviser of the Company. The content of such training related to the duties of directors and on-going obligations of listed companies. During the period from the Listing Date and up to the date of this annual report, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations.

The Directors are asked to submit a signed training record to the Company on an annual basis.

The attendance records of the Directors for the regular board meeting, audit committee ("Audit Committee") meeting, remuneration committee ("Remuneration Committee") meeting, nomination committee ("Nomination Committee") meeting and general meeting of the Company for the year are as follows:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Annual general meeting
Executive Directors					
Mr. Tan Shuary Tarng Vincent	3/3	N/A	N/A	N/A	1/1
Ms. Ng Hui Bin Audrey	3/3	N/A	N/A	N/A	1/1
Ms. Beng Lee Ser Marisa	3/3	N/A	N/A	N/A	1/1
Non-Executive Director					
Mr. Raymond Wong	3/3	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Mr. Chow Wing Tung	3/3	2/2	1/1	1/1	1/1
Mr. Hui Yan Kit	3/3	2/2	1/1	1/1	1/1
Mr. Tam Yat Kin Ken	3/3	2/2	1/1	1/1	1/1

BOARD COMMITTEES

The Company have established an Audit Committee, a Remuneration Committee and a Nomination Committee. Each committee operates in accordance with its terms of reference established by the Board. The functions of the three committees are summarised as follows:

AUDIT COMMITTEE

The Company established an Audit Committee on 1 February 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Chow Wing Tung, Mr. Hui Yan Kit and Mr. Tam Yat Kin Ken. Mr. Chow Wing Tung is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

During the year, the Audit Committee reviewed the interim and annual financial statements, results announcements and reports of the Group. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2021 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made. There was no disagreement between the Board and the Audit Committee on the re-appointment of the auditor.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 1 February 2019 with written terms of reference in compliance with paragraph B.1 of the CG Code. The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Chow Wing Tung, Mr. Hui Yan Kit and Mr. Tam Yat Kin Ken. Mr. Hui Yan Kit is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of the Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 1 February 2019 with written terms of reference in compliance with paragraph A.5 of the CG Code. The Nomination Committee consists of three independent non-executive Directors, namely, Mr. Chow Wing Tung, Mr. Hui Yan Kit and Mr. Tam Yat Kin Ken. Mr. Tam Yat Kin Ken is the chairman of the Nomination Committee.

The primary function of the Nomination Committee is to make recommendations to the Board to fill vacancies on the same.

Nomination criteria

When considering a candidate nominated for directorship or a director's re-appointment, the Nomination Committee shall have regard to the following factors:

- Diversity of the Board, including but not limited to gender, age, cultural, educational background, professional qualifications, skills, knowledge and industry experience of the candidate;

- Time commitment of the candidate. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;

- Potential/actual conflicts of interest that may arise if the candidate is selected;

- In the case of a proposed appointment of an independent non-executive Director, the independence of the candidate;

- In the case of a proposed re-appointment of an independent non-executive Director, the number of years he/she has already served the Company; and

- Other factors considered to be relevant by the nomination committee on a case by case basis.

Nomination procedure

To nominate director candidates, candidates would be identified by various methods and evaluated based on the approved selection criteria. Shortlisted candidates would be interviewed and their profiles would be reviewed, before making recommendations to the Board on the selected candidates.

The nomination policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The nomination policy will be reviewed on a regular basis.

DIVERSITY OF THE BOARD

The Group has adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to the business growth. Pursuant to the board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee is responsible for ensuring the diversity of the Board. The Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness.

COMPANY SECRETARY

The company secretary of the Company assists the Board by ensuring the Board policy and procedures are followed. The company secretary is also responsible for advising that Board on corporate governance matters.

The Company has appointed Mr. Lui Wai Sing ("Mr. Lui") as its company secretary. He has complied with all the required qualifications, experiences and training requirements under the Listing Rules. For the year ended 31 December 2021, Mr. Lui has complied with the Listing Rules by taking not less than 15 hours of relevant professional training. The biographic of Mr. Lui is set out in the section headed "Biographical of Directors and Senior Management" of this annual report.

INDEPENDENT AUDITOR'S REMUNERATION

During the year ended 31 December 2021, PricewaterhouseCoopers was engaged as the Group's independent auditor. The remuneration paid/payable to PricewaterhouseCoopers in respect of audit services and non-audit services amounted to HK$1,205,000 and nil respectively for the year ended 31 December 2021.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration and five highest paid individuals are set out in note 9 to the consolidated financial statements. The remunerations of the Directors are determined based on the market price and contribution made by such Directors for the Company. There has been no arrangement under which any Director has waived or agreed to waive any emoluments.

The remuneration of the senior management by band for the year ended 31 December 2021 is set out below:

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group. The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. In addition, PricewaterhouseCoopers has stated in the independent auditor's report its reporting responsibilities on the Company's consolidated financial statements for the year ended 31 December 2021.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems of the Group and reviewing their effectives annually in order to safeguard the interests of the shareholders and the assets of the Company against unauthorized use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations. The main features and the key elements of the risk management and internal control systems of the Company include the assessment and evaluation of risks, the development and continuous updating of responsive procedures, and the ongoing testing of internal control procedures to ensure their effectiveness. An ongoing risk assessment approach has been adopted by the Company for identifying and assessing the key inherent risks that affect the achievement of its objectives. The judgement of the risk is mainly determined in accordance with the likelihood of occurrence and consequence of occurrence of the risk. During the process of risk assessment, the Audit Committee of the Company is responsible for identifying the risk of the Group and deciding on the risk levels and the Board is responsible for assessing and determining the nature and extent of the risks that are acceptable to the Group when achieving its strategic objectives. After discussing and taking into consideration the risk response, the relevant departments and business units shall be assigned to implement the risk management solutions in accordance with their respective roles and responsibilities. The identified risk together with the risk response will be recorded and subject to the Board's oversight.

An outsourced internal audit team was engaged to perform a review on the major operating units of the Group in relation to the risk management and internal control systems of the Group, according to the scope of review agreed and directed by the Audit Committee of the Company covering the Group's material controls in financial, operational and compliance aspects. The review identified certain internal control weaknesses and risks. The internal audit team has reported to the Audit Committee of the Company.

The Group shall review the risk management and the internal control systems at least once a year to ensure their effectiveness.

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 polices regarding the inside information.

During the year, risk management and internal control systems have been reviewed by an engaged external professional adviser with the management of the Company and the Board had reviewed the effectiveness of the Group's risk management and internal control systems and considered the Group's risk management and internal control systems are effective and adequate.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors and the company secretary are authorised to communicate with parties outside the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the year ended 31 December 2021.

DEED OF NON-COMPETITION

In accordance with the non-competition undertakings set out in the deed of non-competition dated 1 February 2019 (the "Deed of Non-Competition") executed by the controlling shareholders of the Company (the "Controlling Shareholders") in favour of the Company (for itself and as trustee for its subsidiaries), save for Mr. Tan Shuay Tarng Vincent's existing interests in Vincar Assets Pte. Ltd. and Wealth Assets Pte. Ltd., the Controlling Shareholders have undertaken to the Company that they shall not to either on his/its own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of the Group) to conduct business which, directly or indirectly, competes or may compete with the business presently carried out on by the Company or any of the subsidiaries or any other business that may be carried on by any of them from time to time during the term of the Deed of Non-Competition, in Singapore, Hong Kong or such other places as the Company or any of the subsidiaries may conduct or carry on any business which competes or may in any aspect compete directly or indirectly with the business or which is similar to the business currently and may from time to time be engaged by the Group. Information in relation to Vincar Assets Pte. Ltd. and Wealth Assets Pte. Ltd. and the details of the Deed of Non-Competition was set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus of the Company dated 13 February 2019.

The Company has received an annual confirmation from each of the Controlling Shareholders confirming that he/it had complied with the non-competition undertakings during the year ended 31 December 2021 under the Deed of Non-Competition. The Controlling Shareholders also confirmed in the said annual confirmation that none of them had any interest in a business, other than business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group during the year ended 31 December 2021.

The independent non-executive Directors have reviewed and confirmed that they were not aware of any non-compliance of the non-competition undertakings under the Deed of Non-Competition by the Controlling Shareholders, and concurred that such undertakings had been duly enforced and complied with by the Controlling Shareholders during the year ended 31 December 2021.

SHAREHOLDERS' RIGHTS

Procedures for putting forward proposals at shareholders' meetings

There is no provision allowing shareholders to make proposals or move resolutions at the annual general meetings (the "AGM(s)") under the memorandum of association of the Company and the Articles of Association or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "EGM") in accordance with the "Procedures for shareholders to convene an EGM" set out below.

Procedures for shareholders to convene an EGM

Any one or more shareholders holding at the date of deposit of the requisition not less than 10% of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to require an EGM to be called by the Board or the joint company secretaries for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong for the attention of the company secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the company secretary will ask the Board to convene an EGM and/or include the proposal(s)made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, the Board will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post for the attention of the company secretary. Upon receipt of the enquiries, the company secretary will forward the communications relating to:

1. the matters within the Board's purview to the executive Directors;

2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and

3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a shareholders' communication policy with the objective of ensuring that the shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the shareholders mainly through the Company's financial reports, AGMs and other EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

CONSTITUTIONAL DOCUMENTS

The amended and restated memorandum and Articles of Association of the Company was adopted on 1 February 2019 and took effect from the Listing Date. There had been no significant change in the Company's constitutional documents since the Listing Date. The Company has posted its amended and restated memorandum and Articles of Association on the respective websites of the Stock Exchange and the Company.

Report of the Directors

The Directors are pleased to present their report together with the audited consolidated financial statement of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 23 to the consolidated financial statements.

BUSINESS REVIEW

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

PRINCIPAL RISKS AND UNCERTAINTIES

The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Companies Ordinance (Chapter 622 of the laws of Hong Kong):

Business Risk

Since the Group does not engage in the manufacturing of motor vehicles, the Group's sales of motor vehicles are dependent on the supply of motor vehicles from the suppliers. Further, the suppliers may encounter difficulties supplying motor vehicles to the Group or may run into financial difficulties due to factors which are beyond the Group's control. In such situations, if the suppliers attempt to increase their prices, alter payment terms and/or pass on their increased costs to the Group, reduce their supply of motor vehicles or cease operations, such actions would likely increase the costs, create challenges for the Group in meeting the Group's customers' expectations and may have a negative impact on the Group's reputation.

Inventory Risk

The Group is exposed to higher risks of inventory obsolescence, a decline in inventory values and significant write-downs or write-offs if the Group fails to manage the inventory effectively and overstock unpopular motor vehicles.

Economic and Political Risk

Adverse changes in the economic and political environment and government policies may affect the Group's ability to execute its strategies.

Financial Risk

The Group is exposed to financial risks related to foreign currency, interest rate, credit and liquidity in the normal course of business. For details of such financial risks, please refer to note 3.1 to the consolidated financial statements.

People Risk

Loss of key management personnel may affect the Group's business, prospects and financial performance.

Report of the Directors

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 and financial position of the Group as at that date are set out in the section headed "Consolidated Statement of Comprehensive Income" and "Consolidated Statement of Financial Position" on pages 72 and 73 to 74 respectively of this annual report.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group realises the importance of environmental protection in pursuing a long-term sustainability. The Group makes best effort in protecting the environment during daily operation. In particular, the Group promotes the reuse and recycling of resources such as paper and the minimisation of electricity and water consumption as means of environmental protection. The Group is committed to improving environmental sustainability and will closely monitor the performance. During the year ended 31 December 2021, as far as the Board and the management are aware, there was no material breach of or non-compliance with the relevant environmental laws and regulations by the Group that has material impact on the business and operation of the Group.

Details of the Group's environmental policies and performance are set out in the Environmental, Social and Governance Report contained in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2021, as far as the Directors are aware, the Group did not have any non-compliance with relevant laws and regulations that is material in nature.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

Employees are remunerated equitably and competitively. Continuing training and development opportunities are provided to equip them to deliver their best performance and achieve corporate goals. The Group also provides a healthy and safe workplace for all employees.

The Group has enhanced communications with customers via various channels so as to provide excellent and quality customer services, with a focus on the customers' need and thus enhance customer satisfaction and loyalty. In addition, the Group also assigns designated personnel to maintain customers relationship, responding to the feedback and complaints from customers.

The Group has established strong cooperation relationship with a number of suppliers. The Group places emphasis on ongoing assessment and monitoring on the selection of suppliers in order to ensure compliance with the Group's commitment to quality and ethical conduct.

PROPERTY, PLANT AND EQUIPMENT

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

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2021 are set out in the note 19 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company issued share capital during the year are set out in note 20 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 75 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserves available for distribution to equity holders of the Company comprising share premium less accumulated deficits, amounted to approximately S$6.5 million (2020: S$7.2 million).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 140 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 22.6% and 48.9% respectively of the Group's total purchase cost of motor vehicles. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 9.8% and 14.6% respectively of the Group's total revenue for the year ended 31 December 2021.

To the best of the Directors' knowledge, none of the Directors, their close associates, nor any shareholder (which, to the best knowledge of the Directors, owned more than 5% of the Company's issued shares) had any material beneficial interest in the Group's five largest customers or suppliers.

DONATIONS

During the year ended 31 December 2021, the Group made charitable donations of approximately S$15,000 (2020: S$1,000).

Report of the Directors

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Executive Directors:

Mr. Tan Shuay Tarng Vincent
Ms. Ng Hui Bin Audrey
Ms. Beng Lee Ser Marisa

Non-Executive Director:

Mr. Raymond Wong

Independent Non-Executive Directors:

Mr. Chow Wing Tung
Mr. Hui Yan Kit
Mr. Tam Yat Kin Ken

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

Article 84 of the Articles of Association provides that (1) one-third of the Directors for the time being (or, if their number is a not multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM, provided that every Director shall be subject to retirement by rotation at least once every three years; (2) 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.

Each of Ms. Ng Hui Bin Audrey, Mr. Raymond Wong and Mr. Tam Yat Kin Ken will retire at the forthcoming AGM and all of them, being eligible, will offer themselves for re-election at the forthcoming AGM.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of the Directors and senior management of the Company are set out on pages 14 to 16 of this annual report.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, a confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing on the Listing Date and will continue thereafter unless terminated by either party giving to the other not less than three months' notice in writing.

The non-executive Director has entered into a letter of appointment with the Company for a term of one year commencing on the Listing Date and will continue thereafter until terminated in accordance with the terms of the appointment letter.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing on the Listing Date and will continue thereafter until terminated in accordance with the terms of the appointment letter.

Save as disclosed aforesaid, none of the Directors has entered into a service agreement or agreement for appointment with the Company or any of its subsidiaries other than the agreement expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Save for the contracts described under the section headed "Related Party Transactions" as set out in note 21 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its holding company or subsidiaries or fellow subsidiaries was a party and in which a Director and his/her connected party had a material interest, whether directly or indirectly, subsisted during or at end of the year.

CONTROLLING SHAREHOLDERS' INTEREST

Save for the contracts described under the section headed "Related Party Transactions" as set out in note 21 to the consolidated financial statements, no contracts of significance were entered into between the Company or any of its subsidiaries and any controlling shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any controlling shareholders or any of its subsidiaries.

MANAGEMENT CONTRACTS

During the year ended 31 December 2021, the Company did not enter into or have any management and administration contracts (other than a contract of service with any Director or any person under the full-time employment of the Company) in respect of the whole or any substantial part of the business of the Company.

DIVIDEND POLICY

The Company has adopted a general annual dividend policy of declaring and paying dividends on an annual basis of not less than 15% of our distributable profit for any particular financial year. The Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment. Such discretion is subject to the applicable laws and regulations including the Companies Law and the Articles of Association which also require the approval of the shareholders. The amount of any dividends to be declared and paid in the future will depend on, amongst other things, our results of operations, cash flows and financial conditions, operating and capital requirements and other relevant factors.

CONNECTED TRANSACTIONS

During this year, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the related party transactions entered into by the Group during the year are disclosed in note 21 to the consolidated financial statements. The related party transactions disclosed in note 21 were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. The Group confirms that the Group has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporation" below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

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 of the Company, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in the shares of the Company

Name of director	Capacity/Nature of interest	Number of ordinary shares held/interested in (Note 1)	Number of share options (Note 2)	Approximate percentage of shareholding in the Company
Mr. Vincent Tan	Interest in a controlled corporation (Note 3)	381,400,000 (L)	—	42.4%
	Beneficial owner	—	9,000,000 (L)	1.0%
	Interest of spouse (Note 4)	—	9,000,000 (L)	1.0%
Mrs. Marisa Tan	Interest of spouse (Note 5)	381,400,000 (L)	9,000,000 (L)	43.4%
	Beneficial owner	—	9,000,000 (L)	1.0%

Notes:

1. The Letter "L" denotes the person's long position in the relevant shares.

2. These represent the shares to be issued and allotted by the Company upon exercise of the options granted under the Share Option Scheme (as defined in the section headed "Share Option Scheme" of this annual report). Please also refer to section headed "Share Option Scheme" for more details.

3. All the issued shares of Gatehouse Ventures Limited ("Gatehouse Ventures") are legally and beneficially owned as to 100% by Mr. Vincent Tan. Accordingly, Mr. Vincent Tan is deemed to be interested in 381,400,000 shares held by Gatehouse Ventures by virtue of the SFO. Mr. Vincent Tan is a controlling shareholder and an executive Director of the Company.

4. Mr. Vincent Tan is the spouse of Mrs. Marisa Tan and is therefore deemed to be interested in all the shares and/or underlying shares that Mrs. Marisa Tan is interested in by virtue of the SFO.

5. Mrs. Marisa Tan is the spouse of Mr. Vincent Tan and is therefore deemed to be interested in all the shares and/or underlying shares that Mr. Vincent Tan is interested in via Gatehouse Ventures by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to be Model Code.

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

So far is known to the Directors, as at 31 December 2021, the following persons/entities (not being a Director or the chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company which would be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name	Capacity/Nature of interest	Number of ordinary shares held/interested in (Note 1)	Approximate percentage of shareholding in the Company
Gatehouse Ventures	Beneficial owner (Note 2)	381,400,000 (L)	42.4%

Notes:

1. The Letter "L" denotes the person's long position in the relevant shares.

2. All the issued shares of Gatehouse Ventures are legally and beneficially owned as to 100% by Mr. Vincent Tan, the Chairman and an executive Director of the Company.

Save as disclosed above, as at 31 December 2021, no other interests or short positions in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the "Share Option Scheme") on 1 February 2019. The purpose of the Share Option Scheme is to enable the Company to grant options to eligible persons as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Group. The principal terms of the Share Option Scheme are summarised in the section headed "Share Option Scheme" in Appendix IV to the Prospectus.

Details of the movements of share options granted, exercised, cancelled or lapsed under the Scheme during the year ended 31 December 2021 are as follows:

Grantees	Date of Grant	Exercise price of share options	Closing price of the shares on the date of grant	Outstanding as at 1 January 2021	Granted during the period	Outstanding as at 31 December 2021
Directors						
Mr. Vincent Tan	8 April 2020	HK$0.146	HK$0.143	N/A	9,000,000	9,000,000
Ms. Ng Hui Bin Audrey	8 April 2020	HK$0.146	HK$0.143	N/A	9,000,000	9,000,000
Mrs. Marisa Tan *(appointed as executive Director on 6 July 2020)*	8 April 2020	HK$0.146	HK$0.143	N/A	9,000,000	9,000,000
Mr. Khung Poh Sun *(resigned as executive Director on 6 July 2020)*	8 April 2020	HK$0.146	HK$0.143	N/A	9,000,000	9,000,000
Mr. Raymond Wong	8 April 2020	HK$0.146	HK$0.143	N/A	9,000,000	9,000,000
Mr. Chow Wing Tung	8 April 2020	HK$0.146	HK$0.143	N/A	9,000,000	9,000,000
Mr. Hui Yan Kit	8 April 2020	HK$0.146	HK$0.143	N/A	9,000,000	9,000,000
Mr. Tam Yat Kin Ken	8 April 2020	HK$0.146	HK$0.143	N/A	9,000,000	9,000,000
Sub-total					72,000,000	72,000,000
Employee	8 April 2020	HK$0.146	HK$0.143	N/A	9,000,000	9,000,000
Other eligible participant*	8 April 2020	HK$0.146	HK$0.143	N/A	9,000,000	9,000,000
Total				N/A	90,000,000	90,000,000

* The Company secretary of the Company, namely Mr. Lui Wai Sing.

(1) Purpose

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

(2) Eligible person

Eligible persons means (i) any employee or proposed employee (whether full time or part time employee, including any director) of any member of the Group or any invested entity; and (ii) any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contribute to the development and growth of the Group or any invested entity;

(3) Total number of shares available for issue

The total number of shares in respect of which options may be granted under this Share Option Scheme and any other share option schemes shall not in aggregate exceed 90,000,000 shares, being 10% of the total number of shares in issue as at the date of this annual report.

(4) Total maximum entitlement of each eligible person

No option shall be granted to any eligible person if any further grant of options would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of shares in issue from time to time.

(5) Option period and payment on acceptance of the option

Options granted must be taken up within 21 days of the date of grant, upon payment of HK$1 on acceptance of the offer. Options may be exercised at any time during a period commencing on or after the date on which the option is accepted and granted and expiring on a date to be notified by the Board to each grantee which shall not be more than 10 years from the date on which the option is accepted and granted.

(6) Minimum Period for which an option must be held before it can be exercised

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

(7) Ranking of shares

The shares to be allotted and issued upon the exercise of an option shall be subject to the Company's constitutional documents for the time being in force and shall rank pari passu in all respects with the fully-paid shares in issue of the Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

(8) Subscription price of shares

The subscription price shall be such price as determined on the date of grant by the Board, and shall be at least the highest of:

(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant;

(b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and

(c) the nominal value of a share on the offer date.

(9) Period of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted. All options granted and accepted and remaining unexercised immediately prior to expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

As at 31 December 2021, there were 90,000,000 share options granted by the Company under the Scheme which were valid and outstanding, representing approximately 10% of the issued share capital of the Company as at the date of this report. The share options are exercisable for a period of ten years from 8 April 2020 (the "Option Period") and expiring at the close of business on the last day of the Option Period or at the expiry of the Scheme, whichever is earlier. The share options have vested on 8 April 2020.

No share options were exercised, cancelled or lapsed under the Scheme during the year ended 31 December 2021.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 17 to 27 of this annual report.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM is scheduled to be held on Friday, 17 June 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 13 June 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient minimum public float under the Listing Rules during the year ended 31 December 2021 and up to the date of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties. Such permitted indemnity provision has been in force during the year ended 31 December 2021. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

EVENT AFTER THE REPORTING PERIOD

The Directors are not aware of any other significant event which had material effect on the Group subsequent to 31 December 2021 and up to the date of this annual report.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers, who will retire at the conclusion of the forthcoming AGM, and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming AGM to re-appoint PricewaterhouseCoopers as the auditor. There has been no change in the Company's auditor since the Listing Date.

By Order of the Board

Tan Shuay Tarng Vincent
Chairman and Executive Director

Hong Kong, 31 March 2022

Environmental, Social and Governance Report

Introduction and Approach to Environmental, Social and Governance

This Environmental, Social and Governance Report (the "ESG Report") summarizes the environmental, social and governance ("ESG") initiatives, plans and performances of Guan Chao Holdings Limited (the "Company"), together with its subsidiaries (the "Group") and demonstrates its commitment to sustainability development.

The Group adheres to the ESG management principles of the sustainable development philosophy and is committed to effectively and responsibly handling the ESG issues of the Group as a core part of the Group's business strategy. The Group believes this is the key to its continued success.

The ESG Governance Structure

The Group has established the ESG Taskforce (the "Taskforce"). The Taskforce comprises core members from different departments of the Group, and is responsible for collecting relevant information on the Group's ESG aspects for preparing the ESG Report. The Taskforce reports to the board of directors (the "Board"), assists in identifying and evaluating the Group's ESG risks and the effectiveness of the internal control mechanisms. The Taskforce also examines and evaluates the Group's performances in different ESG aspects such as environment, health and safety, labor standards and product responsibilities. The Board assumes full responsibility for the Group's ESG strategies and reporting as well as for overseeing and managing the Group's ESG-related issues, including strategies, direction and policies. The Board sets up a general direction for the Group's ESG strategies, ensuring the effectiveness in the control of ESG risks and internal control mechanisms. In order to better manage the Group's ESG performance, related issues and potential risks, the Board regularly evaluates and determines ESG-related risks and opportunities of the Group, as well as reviews the Group's performance against ESG-related targets. The Group believes that such objectives as well as environmental protection measures can enhance its employees' awareness on environmental protection and in turn enhance the Group's ESG performance.

REPORTING FRAMEWORK

The ESG Report has been prepared in compliance with all applicable provisions set out in the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited ("HKEX"). For the Group's corporate governance practices, please refer to P.17 to P.27 for the section "Corporate Governance Report" contained in the Group's Annual Report 2021.

The Group attaches great importance to ensuring the application of materiality, quantitative, and consistency reporting principles during the preparation for this ESG Report:

Materiality: Materiality assessment was conducted to identify material issues during the reporting period, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board and senior management. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: The standards and methodologies used in the calculation of key performance indicators ("KPIs") data in this ESG Report, as well as the applicable assumptions were supplemented by explanatory notes.

Consistency: Unless otherwise stated, the preparation approach of this ESG Report was consistent with the previous year for comparison. If there are any changes in the scope of disclosure and calculation methodologies that may affect comparison with previous reports, explanations will be provided to the corresponding data.

REPORTING SCOPE

The ESG Report covers the Group's ESG performance in selling of new imported and pre-owned cars in Singapore, which is consistent with the reporting scope of previous ESG report, and represents the major source of the Group's revenue. Unless specified otherwise, the Group's KPIs in environmental and social areas are collected through the Group's operation control mechanism. The Group will continue to expand the scope of disclosure in the future after the Group's data collection system is more matured and the sustainable development work is enhanced.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 December 2021 ("2021").

CONFIRMATION AND APPROVAL

This ESG Report was reviewed, confirmed and approved by the Board.

STAKEHOLDER ENGAGEMENT

The Group communicates with and supports stakeholders through a two-way model in order to achieve mutual growth. Therefore, the Group values stakeholders' opinions to its operation business and ESG issues. In order to better understand and address stakeholders' concerns, the Group communicates with its key stakeholders, including but not limited to investors and shareholders, customers, suppliers, employees, government or regulatory bodies, as well as the media, nongovernmental organizations ("NGOs") and the public through different channels. With regard to the Group's usual practice, the Group shares the latest information through email, telephone, site visits, meetings and so on.

Through different stakeholder engagements and communication channels, the Group will take account of stakeholders' expectation in formulating operational strategies and ESG measures. The Group is committed to improving its ESG performance through collaboration with its stakeholders, creating greater value for its society and the country continuously. The stakeholder engagements and communication channels are as follows:

Key stakeholders	Communication channels	Expectations
Investors and Shareholders	• Annual general meeting • Financial reports • Announcements and circulars • Website	• Performance • Development strategy • Operational prospects • Information and activities updates
Customers	• Customer support hotline and email • Customer satisfaction survey	• Product quality • Product ethics • Service quality • Personal information protection
Suppliers	• Regular assessment of suppliers' performance • Supplier management meetings and events	• Environmental and social risks management • Fair and open procurement
Employees	• Means for employees to express opinions (e.g., opinion form, suggestion box, etc.) • Regular performance reviews • Trainings, seminars and briefing sections • Intranet	• Working environment • Employees' benefit • Career development • Company activities • Company's reputation
Government or regulatory bodies	• Compliance advisor • Regular meetings	• Compliance with laws and regulations • Contribution to society
Media, NGOs and the public	• Community activities and partner programs • ESG reports	• Green operation • Product ethics • Corporate social responsibility • Business compliance

MATERIALITY ASSESSMENT

The management and staff of the Group's respective major operations have participated in the preparation of the ESG Report to assist the Group in reviewing its operations and identifying relevant ESG issues, and assessed the importance of related issues to its businesses and stakeholders. Based on the assessed significant ESG issues, a data collection questionnaire was prepared to collect information from relevant departments and business units of the Group.

The following table is a summary of the Group's material ESG issues included in this ESG Report:

A. Environmental		**Low**	**Medium**	**High**
A1. Emissions	Exhaust Gas Emissions		√	
	Greenhouse Gas ("GHG") Emissions			√
	Sewage Discharge	√		
	Waste Management	√		
A2. Use of Resources	Energy Consumption			√
	Water Management		√	
	Use of Packaging Materials	√		
A3. The Environment and Natural Resources	Indoor Air Quality Management			√
	Environmental Education	√		
A4. Climate Change	Climate Change		√	

B. Social		**Low**	**Medium**	**High**
B1. Employment	Recruitment, Promotion and Dismissal			√
	Remuneration		√	
	Equal Opportunities			√
B2. Health and Safety	Safety Measures		√	
	Operational Health and Safety Management		√	
	Fire Safety Management			√
	Occupational Safety and Health Training	√		
B3. Development and Training	Development and Training			√
B4. Labour Standards	Prevention Measures of Child Labour and Forced Labour			√
B5. Supply Chain Management	Supply Chain Management			√
	Supply Chain Environmental and Social Risk Management		√	
	Fair and Open Procurement		√	

B. Social		Low	Medium	High
B6. Product Responsibility	Quality Control			√
	Customer Services and Complaints Handling			√
	Privacy Protection			√
	Protection of Intellectual Property Rights		√	
	Service Quality			√
	Advertising and Labelling			√
B7. Anti-corruption	Anti-corruption Policies and Systems			√
	Conflict of Interest			√
B8. Community Investment	Corporate Social Responsibility			√
	Community Participation		√	
	Corporate Social Responsibility Education			√

The Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. Stakeholders can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by emailing to guanchaoholdings@vincar.com.sg.

A. ENVIRONMENTAL

A1. Emissions

The Group adheres to good environmental management, striving to protect the environment to fulfil the corporate social responsibility. The Group supports the national strategy in environmental protection and selling new parallel-import motor vehicles and pre-owned motor vehicles with compliance to laws and regulations. The Group advocates philosophy of "Energy conservation and emission reduction", implements a variety of environmental protection policies and measures amongst the Group's operations, and implements ISO14001:2015 Environmental Management System ("EMS").

The Group has established accountability system for environmental protection and actively adopts environmental protection measures to cut down the environmental impacts generated in its operation.

In 2021, the Group was not aware of any material non-compliance with local laws and regulations in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes that would have a significant impact on the Group, including but not limited to the "Environmental Protection and Management Act", the "Environmental Public Health Act", and the "Environmental Public Health (General Waste Collection) Regulations".

Exhaust Gas Emissions

Due to the Group's business nature, it pays attention to the relevant air emissions generated at its operations. The Group strives to mitigate the exhaust gas and GHG generated from its operation process as much as possible. The Group's major sources of exhaust gas emissions are combustion of diesel and petrol from vehicles. In 2021, the amount of sulphur oxides generated from vehicles exhaust was approximately 0.68 kg (2020: 0.70 kg). The Group targets to gradually reduce its exhaust gas emissions intensity over the next 5 years.

GHG Emissions

The principal GHG emissions of the Group are generated from the petrol and diesel consumption of vehicles (Scope 1) and purchased electricity (Scope 2). The GHG emissions intensity has been decreased by about 18.01% from approximately 2.72 tCO_2e/employee in 2020 to approximately 2.23 tCO_2e/employee in 2021. The decrease in GHG emissions was mainly due to the circuit breaker measures implemented by the Singapore government to curb further spread of Coronavirus Disease 2019 ("COVID-19"). In 2021, the GHG emissions performance of the Group was as follows:

Indicator[1]	**Unit**	**GHG emission amount**	
		2021	**2020**
Direct GHG emissions (Scope 1)			
• Petrol and diesel consumption	tCO_2e	121.58	125.62
Energy indirect GHG emissions (Scope 2)			
• Purchased electricity	tCO_2e	101.26	89.04
Total GHG emissions (Scope 1 and 2)	**tCO_2e**	**222.84**	**214.66**
GHG emissions intensity[2]	tCO_2e/employee	2.23	2.72

Notes:

(1) GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Electricity Grid Emissions Factors and Upstream Fugitive Methane Emission Factor, 2005-2020" issued by the Energy Market Authority of Singapore, "How to prepare an ESG Report-Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX and the global warming potential in the "Fifth Assessment Report" issued by Intergovernmental panel on Climate Change.

(2) As at 31 December 2021, the total number of full-time employees of the Group was 100 (2020: 79). The data is also used for calculating other intensity data.

In response to the growing concerns about climate change, the Group has also set a target of gradually reduce its GHG emissions intensity over the next 5 years.

Consumption of petrol and diesel is accounted as the most significant source of direct GHG emissions. The Group has formulated policies and implemented various emission reduction measures to reduce emissions from the source. Specific measures such as:

- Reduce long-distance meetings by advocating telephone or video meetings, reducing exhaust gas and GHG emissions caused by transportation;
- Take public transport during business trips under normal circumstance;
- Encourage employees to choose public transportation for long distance trip in order to reduce exhaust gas and GHG emissions; and
- Prioritize local suppliers to reduce exhaust gas and GHG emissions.

To reduce energy indirect GHG emissions, the Group actively adopts electricity conservation and energy saving measures, including strict control of air conditioning usage. The temperature of air conditioning cannot be lower than 24 degrees Celsius. Besides, the air conditioning should be turned off when no one is in the office.

Through the implementation of these measures, the Group has raised its employees' awareness on emission reduction.

Sewage Discharge

The Group has developed an environmental operational control system, monitoring sewage produced in office and showrooms to comply with relevant laws and regulations and meet local government sewage discharge standards. Sewage is discharged into the municipal sewage pipe network system of the government and shall not be discharged directly into the streams or farmland. The Group's operations are not subject to substantial water use. The water supply and sewerage of the properties of the principal office of the Group is fully controlled by the building management division of the property. The sewage discharged by the Group is considered as water consumed. The data on water consumption and corresponding water-saving initiatives are described under "Water Management" in aspect A2.

Waste Management

The Group identifies, classifies, stores and disposes waste in a unified manner. In the office and showrooms, the Group has set up a unified recycling box, designated waste management responsible persons to timely dispose waste, and maintained environmental sanitation around the collection box. The Group has taken specific measures for handling the following categories of solid waste:

Non-hazardous wastes

The paper disposal has decreased by about 21.92% from approximately 1.46 tonnes in 2020 to approximately 1.14 tonnes in 2021. The decrease in paper consumption was mainly due to the circuit breaker measures implemented by the Singapore government to curb further spread of COVID-19. In 2021, the non-hazardous waste disposal (i.e. paper) performance of the Group was as follows:

Type of non-hazardous waste	Unit	Disposal amount	
		2021	2020
Paper	tonnes	1.14	1.46
Total non-hazardous waste	**tonnes**	**1.14**	**1.46**
Non-hazardous waste intensity	tonnes/employee	0.01	0.02

The Group has also set a target of reducing the non-hazardous waste intensity gradually over the next 5 years.

The non-hazardous waste produced by the Group mainly consist of paper. The specific waste reduction measures are as follows:

- Classify recyclable and non-recyclable waste and set up collection bins to recycle the waste;
- Increase the recycling rate of recyclable paper to achieve reutilization; and
- Implement a waste paper recycling and reuse programme and use double-sided printing to reduce the amount of paper consumed.

Through the implementation of these measures, the Group has raised its employees' awareness on waste reduction.

Hazardous Waste

Due to the Group's business nature, it did not generate hazardous waste in 2021 (2020: nil). The Group has established guidelines of governing the management and disposal of hazardous waste. In case there are any hazardous waste produced, the Group must engage a qualified chemical waste collector to handle such waste, which is complied with the relevant environmental regulations and rules.

A2. Use of Resources

The Group upholds and promotes the principle of effective use of resources, evaluating the potential environmental impacts by real-time monitoring its business operations. Through the 4Rs principles, namely, "Reduce", "Reuse", "Recycle" and "Replace", and relevant policies to promote green office and operation environment to minimize its environmental impacts. The employees of the Group follow these principles, consciously reduce the consumption of electricity, paper and water resources. For example, the Group's employees work together to implement a paperless office by sending documents in electronic form whenever possible, in order to reduce the amount of paper consumption.

In the sales of new parallel-import motor vehicles and pre-owned motor vehicles, the Group promotes green marketing which complies with the national requirements to gradually achieve non-toxicity, non-hazardous substances, no wastewater and no exhaust gas emissions. The Group manages the use of water, electricity and fuel resources by collecting monthly usage statistics and standardizing the operation processes for major energy-consuming equipment for effective utilization of energy.

In addition, in order to achieve environmentally sustainable development, the Group conducts environmental education and training for its employees and promotes practical advice on environmentally friendly lifestyles to enhance employees' awareness of environmental protection. The Group also promotes green travel and raises employees' awareness of emission reduction and carbon reduction.

Energy Consumption

The energy consumption intensity has decreased by about 19.26% from approximately 8,617.01 kWh/employee in 2020 to approximately 6,957.56 kWh/employee in 2021. The decrease in energy consumption intensity was mainly due to the circuit breaker measures implemented by the Singapore government to curb further spread of COVID-19. In 2021, the energy consumption performance of the Group was as follows:

Types of energy	**Unit**	**Energy consumption**	
		2021	2020
Direct energy consumption[3]	**kWh**	**447,568.42**	**462,779.17**
Petrol	kWh	401,268.26	403,574.12
Diesel	kWh	46,300.16	59,205.05
Indirect energy consumption	**kWh**	**248,187.25**	**217,965.00**
Electricity	kWh	248,187.25	217,965.00
Total energy consumption	**kWh**	**695,755.67**	**680,744.17**
Energy consumption intensity	kWh/employee	6,957.56	8,617.01

Note:

(3) Calculation method of energy consumption data is based on the "Energy Statistics Manual" issued by the International Energy Agency.

During 2021, the Group has set a target of reducing its energy consumption intensity gradually over the next 5 years.

The Group proactively implements the mission of energy conservation and emission reduction by establishing rules and regulations to achieve the goal of saving electricity and using electricity efficiently. The specific measures are as follows:

- Use energy-saving light bulbs and all departments implement the principle of "Management by the on-duty staff" in order to foster good habits in terms of turning lights off after use;

- Unplug electrical appliances which are not in use for a long time to save standby power;

- Strictly control temperature of air conditioning to prevent excessive energy consumption, extend the life of air conditioning units and reduce the amount of the waste of electronic equipment; and

- Maintain the temperature in showrooms at reasonable level to avoid the malfunction of electrical appliances and tripping because of high temperature in the showrooms.

Through the above measures, the Group's has raised its employees' awareness on energy conservation.

Water Management

The Group's water consumption has decreased by approximately 56.91% from approximately 229.30 m^3 in 2020 to approximately 98.8 m^3 in 2021. The decrease in water consumption was mainly due to the circuit breaker measures implemented by the Singapore government to curb further spread of COVID-19. In 2021, the water consumption performance of the Group was as follows:

Indicator	Unit	Water consumption	
		2021	2020
Water consumption	m^3	98.8	229.30
Water consumption intensity	m^3/employee	0.99	2.90

To reaffirm the Group's commitment to water conservation, the Group has set a target of reducing the water consumption intensity gradually over the next 5 years.

The Group encourages all employees and customers to develop the habit of conscious water use to reduce water consumption in the office. The Group continued to increase water conservation propaganda and posted water-saving slogans in the washrooms and staff lounges to encourage employees to save water.

Through the above measures, the Group's has raised its employees' awareness on water saving. Due to the Group's business nature, it does not have issue in sourcing water that is fit for purpose.

Use of Packaging Materials

Due to the Group's business nature, the Group does not generate packaging materials in the selling process except minimal usage of the packaging materials for car parts, so its daily operation does not produce significant amount of packaging materials.

A3. The Environment and Natural Resources

The Group pursues the best practices for environment protection and focuses on the Group's business impacts on the environment and natural resources. In addition to complying with relevant environmental laws and international standards for protecting the natural environment, the Group has also implemented a number of measures to reduce its environmental impact. The Group also provides environmental education to all employees to enhance their environmental awareness.

Indoor Air Quality Management

Apart from education and training, the Group also puts emphasis on indoor air quality. The Group has strict control over air quality management, especially smoking. The Group prohibits anyone from smoking in the office and showrooms, and sets the entire operation areas as smoke-free areas to maintain good air ventilation. The Group also designs special smoking areas for employees and prohibits smoking in public areas. The Group has also installed air purifiers or other devices for removing odor to maintain good air ventilation and indoor air environment.

Environmental Education

The Group conducts environmental education and training for its employees annually, and regularly provides environmentally friendly and energy-saving tips and educational materials to its employees to enhance their environmental awareness.

A4. Climate Change

Climate change poses escalating risks and challenges to the global economy, and such risks may inevitably spread to the field. The Group recognizes the importance of identifying and mitigating any significant impacts brought by climate change. Pursuant to the international recommendations from Task Force on Climate-Related Financial Disclosures ("TCFD") established by the Financial Stability Board, the management of the Group has evaluated and fully recognized the impact of climate-related risks on the Group's business and corresponding opportunities. Based upon the evaluation, the Group has integrated climate risks into its enterprise risk management process to manage and review climate-related risks and seize relevant opportunities. With reference to the risk categorization by TCFD, the identified climate-related risks of the Group and corresponding actions taken to manage them are as follows:

Physical Risks

The increased frequency and severity of extreme weather events such as extreme cold or heat, storms and heavy rains could halt operations of the Group's facilities, and obstruct and injure our employees on the road or during their work. These events could disrupt supply chains, interrupt business operations, and damage the Group's assets. As a countermeasure, the Group has formulated "Business Continuity Plans for Emergencies" so that loss can be reduced or avoided when extreme weather events affect the Group's operating sites. The Group will identify these risks and prioritize those that may have a significant impact to take precautionary measures in the first place.

Transition Risks

In light of the global vision of decarbonization as well as the increasing degree of attention on environmental protection, increase in strictness of regulations on vehicles and changes in customer preference were expected. For instance, the European Commission had begun feedback collection on the development of the stricter European emissions standards ("Euro 7") for cars, vans, lorries and buses, and it was scheduled to be adopted in first quarter of 2022. In addition, majority of market research conducted by different major organization and institutions suggest that there's a significant shift in consumers' preference towards electric vehicle purchase. The aforementioned factors may in turn lead to an increasing demand of electric vehicles and thus lowering the demand of vehicles purchased by the Group. As a remedy, the Group will closely monitor the changes in the business environment and policy, and capitalize on the opportunities arose from the increase in demand for electric vehicles in Singapore, by stimulate the sales and engage suitable suppliers prior to the commencement of Euro 7. With the aim of pursuing a sustainable business model, the Group will also adjust and formulate appropriate business strategies as well as diversifying the Group's business where appropriate.

B. Social

B1. Employment

Employees are the core of the Group's greatest and most valuable assets and competitive advantages, providing the Group with the driving force for continuous innovation. The Group respects the principle of "Everyone is equal" and adheres to the people-oriented approach, standardizing employment management to respect and protect the legitimate interests of every employee. At the same time, the Group strives to ensure its employees' occupational health and safety, monitor working hours, strengthen democratic management, and protect employee's interests to show its respect to employees and unleash their enthusiasm, initiative and creativity for building a harmonious employment relationship.

In 2021, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the "Employment Act" of Singapore.

As at 31 December 2021, the Group had a total of 100 employees within the reporting scope. Employees' breakdown by gender, age group, employment category and geographical region are as follows:

Indicators	As at 31 December 2021
By Gender	
Male	68
Female	32
By Age Group	
30 or below	33
31–40	31
41–50	22
51 or above	14
By Employee Category	
Full-time employees	95
Part-time employees	5
By Geographical Region	
Singapore	100
Total	100

During 2021, a total of 38 employees in Singapore left the Group. The employee turnover rate[4] by gender, age group, and geographical region are as follows:

Indicators	2021
By Gender	
Male	34%
Female	59%
By Age Group	
30 or below	51%
31–40	45%
41–50	32%
51 or above	28%
By Geographical Region	
Singapore	42%
Total	42%

Note:

(4) Employee turnover rate by category = total turnover employees by category average number of employees by category (average of number at beginning and end of year)*100%

Recruitment, Promotion and Dismissal

Based on merit selection against the job criteria, the Group applies robust and transparent recruitment processes, and recruit individuals based on their suitability for the position and potential to fulfil the Group's current and future labor demand.

The Group believes that by promoting its internal staff will strengthen the working morale within the Group. The Human Resources Department will circulate the internal job posting through emails or notice so that all staff will be notified the new vacancies. If the staff is eligible for the new opening, he or she will be internally transferred or being promoted. A fair and equal opportunity will be given to both internal staff and other candidates.

Any appointment, promotion or termination of recruitment contract should be based on reasonable, lawful grounds and internal policies, such as "Sales Staff Handbook". The Group strictly prohibits any kind of unfair or illegitimate dismissals. For those who have poor working performance or constantly make mistakes, the Group would warn verbally before issuing a warning letter. For those who remain untamed despite making the same mistakes repeatedly, the Group would dismiss the person according to relevant laws in Singapore.

Remuneration

A satisfactory and rewarding remuneration package could reduce employee turnover rate for the Group, and lessen the pressure on recruiting and training new staff. It is also a commitment of the Group to reward its existing staff member who contribute towards the Group's growth and success. The Group's competitive remuneration packages include holidays, annual leave, medical scheme, dental scheme, group insurance, mandatory provident fund, year-end double pay, discretionary bonus, etc.

Equal Opportunities

The Group strictly complies with national and local standards by adopting a fair, impartial and open recruitment process and develops relevant system files to eliminate discrimination in the recruitment processes. Employees face no discrimination regardless of race, religion, color, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation and thus allowing them to enjoy fair treatment in every aspect including recruitment, salary, training and promotion. Both male and female employees receive the same remuneration with the same job duties. The Group also endeavors to attract professionals with diverse background to join the Group.

B2. Health and Safety

The Group highly recognizes the importance of health and safety of its employees. The Group commits to providing employees with a healthy, safe and comfortable working environment by establishing relevant policies, and strives to eliminate potential health and safety hazards at the workplace.

Safety Measures

The Group has always focused on standardizing the management system to regulate its occupational health and safety management. The Group acquires risk management capability in managing terror incidents with implementing risk management plan to tackle against terror incidents. All workplaces covered under the "Workplace Safety and Health Act" ("WSHA") are required to conduct risk management for every work activity and process carried out at their workplaces. The Group's professional safety supervisors also regularly monitor and evaluate safety measures, and will carry out corrective measures immediately to prevent accidents.

In 2021, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the WSHA and the "Work Injury Compensation Act" of Singapore. The Group did not have any records on lost days due to work injury during 2021, nor any work-related fatalities in each of the past three years (including 2021).

Occupational Safety and Health Training

The Group creates a good working environment for employees, strengthens safety in workplace, and guarantees the operational safety of motor vehicles. The Group provides employees with safety education and trainings, allowing them to have the knowledge of workplace safety, familiar with relevant workplace safety regulations and operating procedures.

Operational Health and Safety Management

In order to prevent occupational diseases and injuries, the Group allows employees to have full awareness on the factors causing occupational diseases, potential consequence of occupational hazards and protective measures. The Group conducts internal reviews on an annual basis to keep employees informed of the important content according to WSHA. In addition, the Group also provides occupational health and safety trainings and evaluates the effectiveness of trainings through drills annually. To improve the training programs, the Group consults employees' opinion by survey and collects their suggestions through email. The Group also arranges occupational body check for employees and establishes occupational health records.

Fire Safety Management

The Group attaches great importance to fire safety in the office and showrooms, designs and constructs office and showrooms in accordance with national engineering building fire control standards, and has formulated fire safety work measures and established fire control systems. Fire-fighting facilities, including fire sprinkler systems, fire extinguishers, fire hoses, etc., are installed in office and showrooms, and are regularly maintained by external professional companies. "No smoke and fire" signs are posted on prominent positions in the gates and showrooms. Motor vehicles are required to park at designated locations. In addition, the Group strengthens the monitoring of key locations (such as transformers and power distribution rooms) to reduce fire hazards. The Group also regularly organizes fire safety training and emergency drills for employees to raise their awareness of fire protection.

Prevention Control on COVID-19

The Singapore government introduced the Circuit Breaker measures where all the Group's office and showrooms are temporarily closed. In compliance with government regulations, all the Group's employees were required to work at home unless they had specific reasons to go into the office showrooms.

To curb the spread of COVID-19, the Group has taken proactive measures to safeguard the health and safety of its employees and customers, and has complied with public health measures by the local authorities. In addition to complying with public health policies, the Group has enhanced the environmental hygiene in its office and showrooms through regular sanitation, distribution of adequate protective gear such as surgical masks and hand sanitizers. To further minimize the risk of cross-infection, all employees and customers of the Group are also required to perform stringent temperature checking before entering the office or showrooms. All physical meetings of the Group were replaced by virtual meetings to reduce the risk of spreading the virus. The Group has also issued a detailed guideline to its staff to advise responsive actions on COVID-19 infections among its staff and relevant family members. After exiting the Circuit Breaker, all of the abovementioned measures were maintained.

B3. Development and Training

The Group has established long-term employee development mechanism, continuously providing job skills courses that satisfy the needs of employees. The purpose is to enhance their work performance and to have a smoother promotion path. Through a diversified training model, the Group meets the diverse needs of employees at all levels, enhancing staff's skills, helping the Group to achieve sustainable development, and promoting individual employee growth and development.

Training Management and Courses

The Group actively supports the mentoring of junior and new employees by experienced staff to help new employees adapt to the Group. During the guidance process, experienced employees can also inspire new ideas and enhance their abilities and knowledge. The Group also encourages employees to participate in external training on their own, and will also subsidize employees to obtain professional qualifications related to the business of the Group.

All the sales-personnel of the Group will hold product training meetings regularly to inform employees about the product knowledge and selling process to facilitate the smooth operation of the Group's selling of motor vehicles business. The Group entrusts instructors of professional organizations or arranges business leaders at all levels within the Group to conduct training for employees. The training content may include presentation of a brand new parallel-imported motor vehicles, declaration of national catalogue processes and details, diagnosis of new financial regulations, team building brainstorming method, etc.

New recruits will receive on-the-job training to help them adapt to the work environment and perform their duties as quickly as possible. The Group also trains key personnel such as front-line sales persons, environmental, safety management personnel and quality inspectors.

The Group also attaches great importance to safety workplace training to protect the personal safety of employees. The relevant policies have been described in detail in aspect B2 "Occupational Safety and Health Training".

During 2021, the percentage breakdown of employees trained and the average training hours per employee by gender and employee category are as follows:

	Percentage of employees trained (%)[5]	Average training hours per employee (hours)[6]
By Gender		
Male	25.00	0.09
Female	75.00	0.53
By Employee Category		
Management	16.67	1.33
General staff	83.33	0.20

Notes:

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

(6) Average training hours per employee = total training hours by category/total employees in the relevant category.

B4. Labor Standards

The Group complies with the International Labour Organization's ("ILO") Convention and Ministry of Manpower ("MOM") in Singapore. No employee will be compelled to work against his or her will through force or intimidation of any form or subjected to corporal punishment or coercion of any type related to work.

In 2021, the Group was not aware of any material non-compliance with child and forced labor-related laws and regulations that would have a significant impact in the Group, including but not limited to the "Employment Act" of Singapore.

Preventive Measures of Child Labor and Forced Labor

The Group strictly prohibits the use of any child and forced labor by its operations in Singapore. The Group has established related policies to avoid child and forced labor, as well as a well-established recruitment process includes examines the candidate's background and a formal reporting process to address any exceptions. The Group's recruitment post stipulates that only employees over the age of 18 will be recruited and all new employees are required to provide true and accurate personal information. The recruiters will stringently verify their information, including body check results, academic certificates, identity card and account information. The Human Resources Department will also eliminate job applicants under the age of 18.

The Group respects human rights and promises that all employees should be protected by the Group and should not be forced to work by employees of any class. In addition, employees work overtime on a voluntary basis, and the Group promises not to force employees to work overtime to avoid violating labor standards and effectively safeguarding employee rights. The Group will not collect deposits from new recruits or seize their identity documents. The Human Resources Department also regularly checks the working hour record and will investigate immediately if overworking is discovered. The Group also prohibits punitive measures, management methods and behaviors such as abusive, corporal punishment, violence, mental stress, sexual harassment (including inappropriate language, posture and physical contact), sexual abuse, etc. for any reason.

B5. Supply Chain Management

Apart from the trends of imported motor vehicles and its requirements, the Group also attaches great importance to the management of potential environmental and social risks in the supply chain. The Group has established a rigorous and standardized procurement system and supplier selection process, and has imposed environmental and social risk control requirements on suppliers.

The Group mainly procures motor vehicles from local and overseas suppliers who are mainly wholesalers generally sourcing directly from the motor vehicle manufacturers in Japan and Europe. The Group's suppliers also include individual or corporate customers who trade-in their used cars with the Group at the same time as they purchase new motor vehicles from the Group.

During 2021, the Group had engaged 20 major suppliers, of which 19 are located in Singapore and 1 is located in the United Kingdom.

Supply Chain Management

The Group has implemented a well-managed procurement system and a rigorous supplier selection process to ensure the quality its products. In addition, all suppliers are monitored and assessed by the Group regularly. In order to deliver the best service for its customers, the Group takes into account the followings:

- the reliability of such suppliers and its working relationship with them;
- the price of the motor vehicles offered by its suppliers; and
- the assessment on whether such suppliers are well-established.

The Group engages new suppliers for small orders in order to pre-assess whether their supply of motor vehicles conforms to the Group's standards and requirements.

In addition, the Group takes measures to assess whether suppliers act in compliance with relevant laws and regulations and other required standards for health, safety, forced labor and child labor, and to examine suppliers' awareness of these aspects in order to reduce the social risk of the Group's supply chain.

Fair and Open Procurement

The Group's procurement procedures strictly abide by the established principles of fairness, transparency and value-for-money ("VFM") and related regulations, making procurement on an open, fair and impartial basis without any discrimination against any particular supplier. Employees and other individuals who share common interest with the relevant supplier will not be allowed to participate in the relevant procurement activities.

The Group also concerns about the integrity of suppliers, and will only select suppliers who have a good track record in the past and do not have any serious violations or ethical violations. The Group has zero tolerance for bribery and corruption, and it is strictly forbidden for suppliers and partners to obtain procurement contracts or partnerships through any form of transfer of benefits.

With the rising concerns regarding environmental matters in society, the Group recognizes the importance of embedding environmental and social risks consideration of our supply chain into our management processes. To ensure the quality and safety of the services provided by our suppliers are maintained at a high standard, the Group conducts regular reviews and evaluations on the suppliers on a regular basis. If any of the suppliers' service quality is considered unsatisfactory for a period of time, the Group will remove the non-compliant supplier from the list of approved suppliers.

In addition to the service quality, factors such as market reputation, customer service quality, trial service performance and whether or not their products and services are environmentally preferable are also key elements being considered when evaluating the suppliers.

B6. Product Responsibility

The Group attaches great importance to product quality and corporate reputation, and actively monitors the quality of products and services through internal controls and relevant mechanism, and strictly monitors the compliance of products sold. The Group also maintains communication with its customers and provides after-sales service to ensure understanding and meeting customer needs and expectations, and continuously improves its products and services by understanding customer satisfaction level.

In 2021, the Group was not aware of any material non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services that would have a significant impact on the Group, including but not limited to the "Sale of Goods Act", the "Supply of Goods and Consumer Protection (Fair Trading) Act" ("CPFTA") and the "Personal Data Protection Act" of Singapore.

Quality Control

The Group implements strict quality control, its quality standards are formulated with reference to applicable Singapore standards, a comprehensive quality control system is established, and the Certificate of Conformity ("COC") for the exported motor vehicles or Completion Inspection Certificate ("CIC") for the new motor vehicles are obtained. The Group also has to undergo an emission and fuel economy test at the Vicom Emissions Test Laboratory ("VETL") to ascertain their fuel economy and carbon dioxide figures at the point of importation.

The registration process of imported motor vehicles into Singapore is rigorous, and they must pass the registration and technical requirements of the Land Transport Authority. After the registration is completed, the quality manager of the Group reviews the registration document. Only products that meet the requirements can be sold, and motor vehicles that fail to register will be prohibited importing into Singapore according to the relevant procedures.

During 2021, there was no product sold or shipped subject to recall for safety and health reasons.

Customer Services and Complaints Handling

The Group provides quality service experience to consumers through standardized service quality, humanized service process and standardized service management. Prior to the delivery of motor vehicles to customers, the Group's staff will generally carry out a predelivery inspection exercise by conducting a thorough check on each motor vehicle. After determining that the condition of the motor vehicle is satisfactory, the Group will then deliver the motor vehicles to its customers. Pursuant to the terms of the Group's sales agreement for new parallel-import motor vehicles, the Group provides its customers with warranties which are set out in a service booklet provided to them. After-sales services will be provided to customers to address their enquiries. If there is a problem with the product, the Group will actively approach the customer for possible product recycling.

Any customer complaints will first be handled by the Group's trained sales staff. If the complaint cannot be resolved at the first instance, the matter will be escalated to the Group's senior management. The Sales Department continuously tracks the feedback from customers in order to increase customer satisfaction.

To implement excellent customer service, the Group has set up a telephone "Complaint Handling Mechanism", and all issues are followed-up and dealt with by the sales team to allow customers to have channels to submit complaints and successfully resolve any issues. The Group also conducts customer satisfaction surveys to allow it to analyze the level of customer satisfaction and make improvements.

During 2021, the Group was not aware of any material written complaint.

Privacy Protection

The Group cautiously manages customer files to avoid leakage of customer privacy, and requires relevant business personnel to sign the "Confidentiality Agreement" when they join the Group to strengthen the protection of the Group's business secrets.

Protection of Intellectual Property Rights

The Group is committed to maintaining and safeguarding intellectual property rights, and has different practices to ensure that intellectual property rights are respected. Conventions include not buying pirated products, conducting monthly internal audits, checking whether employees have downloaded pirated software privately, not using photos that are not authorized by the third-party manufacturers, and verifying whether the photos used by the Group are copyrighted once a month. In addition, the Group will not adopt designs that are not authorized by the third-party manufacturers, and will check whether the designs belong to the Group every six months. The Group promises that all propaganda or product designs of the Group do not involve plagiarism, and requires all employees to have a sense of intellectual property rights and keep their designs confidential.

Service Quality

The Group has established relevant procedures to ensure that the products and services it provides comply with relevant regulations and laws. The Group is committed to providing clear and balanced information to its clients. Product features, use terms and conditions, and any associated risks are clearly communicated by the Group's licensed employees through emails and telephones (with recording function) to its clients, so clients can make an informed decision. Clients that are interested in the Group's services are required to sign a client agreement, acknowledging the related terms and conditions along with the associated risks.

Advertising and Labelling

Based on the business nature of the Group, the Group only conducts limited publicity activities. Therefore, the business operations of the Group do not involve material advertising and labelling related risks.

B7. Anti-corruption

Anti-corruption Policies and Systems

The Group believes that a corporate culture with integrity is the key to its continued success. The Group has zero tolerance against any form of bribery, extortion, fraud or money laundering. In all circumstances, the Group requires employees to adhere to the highest level of business ethics and professional conduct while carrying out business. This drives the Group to work with its employees to build a prudent and transparent business. Internally, the Group's staff are required to comply with the "Code of Conduct and Ethical Guidelines", and relevant policies of conflict of interests, anti-competition and anticorruption. During 2021, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering nor was there any concluded legal cases regarding corrupt practices brought against the Group or its employees.

Whistleblowing Mechanism

The Group educates all employees on anti-corruption awareness and encourages them to report any corruption or fraud activities. We promptly conduct inspections and take necessary measures while protecting the identity of the whistle-blower to prevent any conflict of interest or behaviors that will bring harm to the Group and the stakeholders.

In 2021, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the "Prevention of Corruption Act", the "Penal Code" and the "Official Secrets Act" of Singapore.

In addition, the Group has circulated relevant guidelines on anti-money laundering and counter-terrorist financing to the Board and relevant staff, which familiarized them with their corresponding role and responsibility regarding anti-corruption and business ethics under applicable laws and regulations.

Conflict of Interest

As part of the Group, employees have the responsibility to protect the Group's interest and avoid situations that may present a potential or actual conflict between their own interests and the Group's interests. They should not take any advantage of their position in gaining personal benefits. The Group encourages its employees to raise complaints about misconduct and malpractice directly to the directors of the Group.

B8. Community Investment

Corporate Social Responsibility

The Group believes in shouldering the responsibility of contributing society while having economic development. As a responsible corporation, the Group has followed relevant guidelines of community investment and fulfilled its social responsibilities by actively cooperating with charitable organizations, organizing social activities for the purpose of public welfare and charity, and establishing a good public image.

Community Participation

The Group is committed to serving the community through community participation and contribution. The Group incorporates environmental, manpower needs, education and culture into community-based discussions to support relevant activities.

Corporate Social Responsibility Education

The Group strives to foster employees' sense of social responsibility and encourages employees to participate in social welfare activities during their work and leisure time to make greater contributions to the community. The Group also arranges activities like environmental protection, donation and social services for employees. The Group believes that by participating in the community activities, the civic awareness of its employees can be enhanced, and positive values can be established.

The Group encourages employees to participate in charity events, volunteer works, and environmental protection activities in order to make contributions to its society. The Group believes that through personally participating in these activities that contribute to the community, its employees could build up positive value and be socially responsible citizen.

During 2021, the Group made charitable donation of approximately S$14,000 to the Buddha's Light Association (Singapore) and approximately S$1,000 to other different campaigns.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	Introduction And Approach To Environmental, Social And Governance — The ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

Subject Areas, Aspects, and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions — Exhaust Gas Emissions, GHG Emissions
KPI A1.2	GHG emissions in total (in tonnes) and intensity.	Emissions — GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions — Exhaust Gas Emissions, GHG Emissions
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.	Emissions — Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resource
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Resources — Water Management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Consumption

Subject Areas, Aspects, and KPIs	Description	Section/Declaration
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packing Materials (Not applicable — Explained)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	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.	The Environment and Natural Resources — Indoor Air Quality Management, Environmental Education
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	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.	Climate Change — Physical Risks, Transition Risks
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Subject Areas, Aspects, and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety — Safety Measures
KPI B2.2	Lost days due to work injury.	Health and Safety — Safety Measures
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety — Safety Measures, Occupational Safety and Health Training, Operational Health and Safety Management, Fire Safety Management, Prevention Control on COVID-19
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Development and Training — Training Management and Courses
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training — Training Management and Courses
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labor Standards — Preventive Measures of Child Labor and Forced Labor
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards — Preventive Measures of Child Labor and Forced Labor

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

Subject Areas, Aspects, and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
7KPI 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.	Anti-corruption — Anti-corruption Policies and Systems
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption — Anti-corruption Policies and Systems, Whistle-blowing mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption — Anti-corruption Policies and Systems
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Community Investment — Community Participation
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Community Investment — Corporate Social Responsibility

pwc

羅兵咸永道

To the shareholders of Guan Chao Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Guan Chao Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 72 to 139, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 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") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

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

Key Audit Matters

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

The key audit matter identified in our audit is related to net realisable value of inventories.

Key Audit Matter	How our audit addressed the Key Audit Matter
Net realisable value of inventories	
Refer to Note 2.11 (Accounting policies), Note 4(a) (Critical accounting estimates) and Note 14 (Inventories) to the consolidated financial statements At 31 December 2021, inventories of the Group which comprised of mainly motor vehicles amounted to approximately S$43.5 million. These inventories are carried at the lower of cost and net realisable value. Management determines the net realisable value of motor vehicles by applying significant judgment and assumptions. Management evaluates, among other factors, the estimated selling price of respective motor vehicles based on the prevailing market information available for comparable car make and model. For the year ended 31 December 2021, no further provision for inventories is determined necessary. We focused on this area due to the size of the inventories balance and the significant judgment involved by management in determining the net realisable value of the inventories which is subject to high level of estimation uncertainty.	Our procedures in relation to management's assessment of net realisable value of inventories included: — Obtained an understanding of the management's internal control and assessment process of net realisable value of inventories and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. — Compared prior year estimates to actual results in the current year and inquired of management reasons for any significant differences to assess quality of estimates made by management. — Tested reliability of the inventory report, including the completeness and accuracy of the underlying data, on a sampling basis. — Tested management's assumptions on the net realisable value of the selected samples of motor vehicles against recent/subsequent sales records or indicative market price obtained through independent vehicle price research. — Tested mathematical accuracy of the calculation of the inventory provision. Based on the procedures performed, we found management's assessment of the net realisable value of inventories to be supportable by available evidence.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Wai Ching.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 31 March 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 S$'000	2020 S$'000
Revenue	5	**246,443**	160,872
Cost of sales	8	**(218,080)**	(142,463)
Gross profit		**28,363**	18,409
Other income	6(a)	**580**	1,111
Other (losses)/gains — net	6(b)	**(37)**	283
Selling and distribution expenses	8	**(5,849)**	(4,015)
General and administrative expenses	8	**(8,799)**	(9,451)
Impairment of receivables	15	**(112)**	(172)
Operating profit		**14,146**	6,165
Finance income	7	**52**	16
Finance expenses	7	**(1,756)**	(2,075)
Finance expenses — net		**(1,704)**	(2,059)
Profit before income tax		**12,442**	4,106
Share of loss of a joint venture	24	**(3)**	—
Income tax expense	10(a)	**(2,453)**	(856)
Profit and total comprehensive income for the year		**9,986**	3,250
Profit and total comprehensive income attributable to:			
Equity holders of the Company		**9,986**	3,250
Non-controlling interest		**—**	—
		9,986	3,250
Earnings per share for profit attributable to equity holders of the Company for the year (expressed in Singapore cents per share)			
— Basic	12(a)	**1.11**	0.36
— Diluted	12(b)	**1.01**	0.36

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

	Note	As at 31 December 2021 S$'000	As at 31 December 2020 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	21,577	20,795
Deferred income tax assets	10(c)	227	246
Investment in a joint venture	24	497	—
Finance lease receivables	17	21,331	21,764
		43,632	42,805
Current assets			
Inventories	14	43,480	33,973
Trade and other receivables	15	15,230	21,081
Finance lease receivables	17	5,814	5,889
Cash and bank balances	16	6,612	6,818
		71,136	67,761
Total assets		114,768	110,566
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	20	1,550	1,550
Share premium	20	11,864	11,864
Capital reserve	20	3,494	3,494
Share based payment reserve	9	1,440	1,440
Retained earnings		40,480	30,494
		58,828	48,842
Non-controlling interest		20	—
Total equity		58,848	48,842

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	As at 31 December 2021 S$'000	2020 S$'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	**24,663**	29,458
Deferred income tax liabilities	10(c)	**132**	—
		24,795	29,458
Current liabilities			
Trade and other payables and provision for warranty	18	**8,822**	10,978
Borrowings	19	**19,640**	19,572
Income tax liabilities	10(b)	**2,663**	1,716
		31,125	32,266
Total liabilities		**55,920**	61,724
Total equity and liabilities		**114,768**	110,566

The consolidated financial statements on pages 72 to 139 were approved and authorised for issue by the Board of Directors on 31 March 2022 and were signed on its behalf.

Mr. Tan Shuay Tarng Vincent
Director

Ms. Ng Hui Bin Audrey
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Attributable to owners of the Company					
		Share capital	**Share premium**	**Capital reserve**	**Share based payment reserve**	**Retained earnings**	**Total equity**
		S$'000	S$'000	S$'000 Note 20	S$'000	S$'000	S$'000
Balance at 1 January 2020		1,550	11,864	3,494	—	27,244	44,152
Profit and total comprehensive income for the year		—	—	—	—	3,250	3,250
Total comprehensive income		1,550	11,864	3,494	—	30,494	47,402
Equity settled share based payments	9	—	—	—	1,440	—	1,440
Total transactions with owners in their capacity as owners		—	—	—	1,440	—	1,440
Balance at 31 December 2020		1,550	11,864	3,494	1,440	30,494	48,842

	Note	Attributable to owners of the Company						
		Share capital	**Share premium**	**Capital reserve**	**Share based payment reserve**	**Retained earnings**	**Non-controlling interest**	**Total equity**
		S$'000	S$'000	S$'000 Note 20	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2021		1,550	11,864	3,494	1,440	30,494	—	48,842
Profit and total comprehensive income for the year		—	—	—	—	9,986		9,986
Capital contribution from a non-controlling interest		—	—	—	—	—	20	20
Balance at 31 December 2021		1,550	11,864	3,494	1,440	40,480	20	58,848

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 S$'000	2020 S$'000
Cash flows from operating activities			
Profit for the year		**9,986**	3,250
Adjustments for:			
Income tax expense	10(a)	**2,453**	856
Depreciation expense	13	**3,075**	3,345
(Gain)/loss on disposal of property, plant and equipment	6(b)	**(96)**	123
Gain on disposal of right-of-use assets	6(b)	**(27)**	(19)
Non-cash employee benefits expense — share-based payments	9	**—**	1,440
Finance expenses	7	**1,756**	2,075
Finance income	7	**(52)**	(16)
Impairment of receivables	15	**112**	172
Share of loss of a joint venture	24	**3**	—
		17,210	11,226
Changes in working capital:			
Inventories		**(9,507)**	(7,863)
Finance lease receivables		**508**	(573)
Trade and other receivables		**5,739**	3,923
Trade and other payables and provision for warranty		**(2,156)**	(266)
Cash generated from operations		**11,794**	6,447
Interest received	7	**52**	16
Income tax paid	10(b)	**(1,355)**	(780)
Net cash generated from operating activities		**10,491**	5,683

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 S$'000	2020 S$'000
		Year ended 31 December	
Cash flows from investing activities			
Purchase of property, plant and equipment		**(5,388)**	(2,022)
Proceeds from disposal of property, plant and equipment	22(a)	**1,169**	744
Capital injection to a joint venture		**(500)**	—
Net cash used in investing activities		**(4,719)**	(1,278)
Cash flows from financing activities			
Proceeds from borrowings	22(b)	**68,456**	488,055
Repayment of borrowings	22(b)	**(71,642)**	(492,192)
Capital contribution from a non-controlling interest		**20**	—
Repayment of lease liabilities	22(b)	**(1,312)**	(1,324)
Interest paid	22(b)	**(1,500)**	(1,775)
Net cash used in financing activities		**(5,978)**	(7,236)
Net decrease in cash and cash equivalents		**(206)**	(2,831)
Cash and cash equivalents at beginning of year		**6,818**	9,649
Cash and cash equivalents at end of year	16	**6,612**	6,818

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

1 General information

The Company was incorporated in the Cayman Islands with the name of Guan Chao Holdings Limited (the "Company") on 4 July 2017 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 address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together, the "Group") are sale of new parallel-import motor vehicles and pre-owned motor vehicles, provision of motor vehicle financing services and motor vehicle insurance agency services, sale of motor vehicle spare parts and accessories, and provision of motor vehicle leasing services.

The Company's ordinary shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 28 February 2019.

The consolidated financial statements are presented in thousands of units of Singapore Dollar ("S$'000") unless otherwise stated. The consolidated financial statements have been approved for issue by the Board of Directors on 31 March 2022.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(i) New and amended standards and interpretations effective in 2021

The Group has adopted the followings new and amended standards and interpretations for the first time for the accounting period beginning on 1 January 2021:

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

The adoption of the new and amended IFRSs does not have any material impact on the Group's consolidated financial statements for the current period.

(ii) New and amended standards and interpretations that are not yet effective and have not been early adopted by the Group

Amendments to IFRS 3	Reference to Conceptual Framework[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use[1]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Annual improvements project	Annual Improvements to IFRS Standards 2018-2020[1]
IFRS 17 (Amendments)	Insurance Contracts[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint ventures[3]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective date to be determined

The Group is currently assessing the impact of these new or revised standards and interpretations on the Group's financial position and performance.

2 Summary of significant accounting policies (Continued)

2.2 Principles of consolidation and equity accounting

a) *Subsidiaries*

Subsidiaries are entities (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.

Non-controlling interests in the results and equity of subsidiaries shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position respectively.

Intra-group transactions, balances, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) *Joint venture*

Investment in a joint venture is accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

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

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, 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.

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.

The carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in Note 2.6.

2 Summary of significant accounting policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

c) *Separate financial statements*

Investments in subsidiaries 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 a dividend 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 statement exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currencies") 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.

(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 statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

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

2 Summary of significant accounting policies (Continued)

2.4 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 Company's executive directors (the "Executive Directors"), who make strategic decisions.

2.5 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. 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 consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Office equipment	3 years
Motor vehicles	5–10 years
Renovation	Shorter of remaining lease term or 3 years
Computers and software	1–3 years
Furniture and fittings	3 years
Leasehold properties	25–27 years
Right-of-use assets	Remaining lease term

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

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 2.6).

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

2 Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets

Property, plant and equipment and investment in a joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (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.

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

A reversal of impairment loss for an asset is recognised in the consolidated statement of comprehensive income.

2.7 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore all classified as current.

Trade and other 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 and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.8 for further information about the Group's accounting for trade receivables and Note 2.10 for a description of the Group's impairment policies.

2 Summary of significant accounting policies (Continued)

2.8 Financial instruments

(a) Classification

The Group is required to classify its financial assets in the following category:

- 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.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

(b) Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

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

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (losses)/gains-net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

2.9 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.

2 Summary of significant accounting policies (Continued)

2.10 Impairment of financial assets

The Group's financial assets measured at amortised cost are subject to IFRS 9 expected credit loss model. The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(c) set out the details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and finance lease receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The provision matrix is determined based on historical observed default rates over the expected life of trade and finance lease receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the specific identification method and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Cash and cash equivalents

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

2.13 Share capital

Ordinary shares are classified as equity.

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

2 Summary of significant accounting policies (Continued)

2.14 Trade and other payables

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

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

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

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.

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

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

2 Summary of significant accounting policies (Continued)

2.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and joint venture 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

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

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

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

2 Summary of significant accounting policies (Continued)

2.16 Current and deferred income tax (Continued)

(c) Offsetting

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.17 Employee benefits

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") in Singapore, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions to defined contribution plans are recognised in the reporting period to which they relate.

(b) Employee leave entitlements

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 end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Provision for bonus plans

Bonus payments to employees are discretionary to management. Bonus payments are recognised in consolidated statement of comprehensive income in the period when the Group has formally announced the bonus payments to employees.

2 Summary of significant accounting policies (Continued)

2.17 Employee benefits (Continued)

(d) Employee options

The fair value of option granted under the Company's Share Option Scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the option granted which excludes the impact of any service and non-market performance vesting conditions (e.g. remaining as an employee of the entity over a specified time period). Detailed information in relation to the share Option Scheme is set out in Note 9.

At the end of each period, the entity revised its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact to the revision to the original estimates, if any, in profit or loss with a corresponding adjustment to equity

The Share Option Scheme shall be subject to the administration of the Board. When the options are exercised, the Group issue the appropriate number of shares to eligible persons. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

The proceeds received net of any directly attributable transactions are credited directly to equity.

2.18 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.

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 expense.

The Group recognises an estimated liability that falls due under warranty terms offered on sale of new cars. The provision is calculated based on the past history of repairs.

2 Summary of significant accounting policies (Continued)

2.19 Revenue from contract with customers

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods/services supplied, stated net of discounts, returns and value added taxes. Depending on the terms of the contract and the laws that apply to the contract, revenue may be recognised over time or at a point in time. The Group recognises revenue when specific criteria have been met for each of the Group's activities as described below.

Revenue from sale of car spare parts/accessories and direct sale of motor vehicle are recognised upon transfer of control to customer which generally coincides with the time when car spare parts/accessories and motor vehicles are delivered and accepted by the customers. Payment of the transaction price is due immediately when the customer purchases the car spare parts/accessories and motor vehicle. Revenue excludes goods and services tax and motor vehicles registration fees and is arrived at after the deduction of trade discounts.

Revenue from sale of motor vehicle under finance lease arrangement and hire purchase arrangement are recognised upon transfer of control to customer which generally coincides with the time when the motor vehicles are delivered and accepted by the customers. The corresponding leased asset is recognised as finance lease receivable on the consolidated statement of financial position (Note 2.20(b)).

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, and it should be presented separately. Incremental cost of obtaining a contract is capitalised if the Group expects to recover those costs, unless the amortisation period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred. Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost. Vehicle salesperson's commission is recognised at the same point in time with the recognition of the sale of the related motor vehicle.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Rental income from leasing of motor vehicles is recognised on a straight-line basis in accordance with the terms of the operating leases.

Interest income from finance lease arrangement is recognised on a time-proportion basis using the effective interest method.

Finance and insurance commission income is recognised upon the effective commencement date of the customers' qualifying loan and insurance policies.

2 Summary of significant accounting policies (Continued)

2.19 Revenue from contract with customers (Continued)

A contract liability is the Group's obligation to render the goods or services to a customer for which the Group has received consideration from the customer. The Group presented contract liabilities as other payables in the consolidated statement of financial position.

Contract liabilities have been included under trade and other payables and provision for warranty (Note 18).

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all the Group's contracts have a duration of 1 year or less.

The Group provides warranties for new motor vehicles. These warranties do not require services to be rendered but only an assurance that the motor vehicles meet agreed-upon specifications. These warranties are separately accounted for as disclosed in Note 2.18.

2.20 Leases

(a) Assets leased to the Group

The Group leases various office equipment, office premises and showrooms. Lease contracts are typically made for fixed periods of less than 1 year to 5 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.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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.

2 Summary of significant accounting policies (Continued)

2.20 Leases (Continued)

(a) Assets leased to the Group (Continued)

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs

The right-of-use assets is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension options are included in a number of property leases in the Group. These terms are used to maximise operational flexibility in terms of managing contracts. All extension options held are exercisable only by the Group and not by the respective lessor. The Group considers all facts and circumstances that create an economic incentive to exercise an extension option in determining the lease term. Extension option is included in lease term only if the Group, as lessee, is reasonably certain to exercise the extension option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment and within control of the Group as lessee.

Amendments to IFRS 16 "COVID-19-related rent concessions" allow lessee to elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only 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.

The Group as a lessee applying the practical expedient would generally account for a forgiveness or waiver of lease payments as a variable lease payment not depends on index or rate, and make a corresponding adjustment to the lease liability to derecognise the part of the lease liability that has been forgiven or waived.

2 Summary of significant accounting policies (Continued)

2.20 Leases (Continued)

(b) Assets leased out by the Group

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Where the Group leases out assets under operating leases, the assets are included in the consolidated statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies.

2.21 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.22 Dividend distribution

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

Dividend proposed or declared after the reporting period but before the consolidated financial statements are authorised for issue, are disclosed as a non-adjusting event and are not recognised as a liability.

2 Summary of significant accounting policies (Continued)

2.23 Government grants

Grants from the government are recognised as receivables at their fair value where there is a 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 over the period necessary to match them with the costs that they are intended to compensate.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Sterling pound ("GBP") and Japanese Yen ("JPY") and Hong Kong dollar ("HK$").

Should S$ be strengthened/weakened by 5% (2020: 5%) for the year ended 31 December 2021 against HK$, with all other variables held constant, the impact of the profit for the year and the equity for the year ended 31 December 2021 would have been approximately S$3,100 (2020: S$5,000) higher/lower as a result of foreign exchanges gains/losses on net monetary liabilities.

Should S$ be strengthened/weakened by 5% (2020: 5%) for the year ended 31 December 2021 against GBP, with all other variables held constant, the impact of the profit for the year and the equity for the year ended 31 December 2021 would have been approximately S$29,000 (2020: S$1,000) lower/higher as a result of foreign exchanges losses/gains on net monetary assets.

Should S$ be strengthened/weakened by 5% (2020: 5%) for the year ended 31 December 2021 against JPY, with all other variables held constant, the impact of the profit for the year and the equity for the year ended 31 December 2021 would have been approximately S$ 70 (2020: S$2,000) lower/higher as a result of foreign exchanges losses/gains on net monetary assets.

The Group's exposure to other foreign exchange movements is not material.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Details of the Group's borrowings have been disclosed in Note 19 to the consolidated financial statements.

The Group's interest-bearing assets comprise of finance lease receivables and cash and cash equivalents. Finance lease receivables are at fixed rates and subject to fair value interest rate risk. Details of the Group's finance lease receivables have been disclosed in Note 17 to the consolidated financial statements. Effects of interest rate changes on cash and cash equivalents are not significant.

If the interest rates had been higher/lower by 100 basis points (2020: 100 basis points) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by S$143,000 (2020: S$177,000) as a result of higher/lower interest expense on these borrowings (net of finance lease receivables).

(c) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, trade and other receivables and finance lease receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

For banks and financial institutions, only independent parties with high credit rating are accepted. As at 31 December 2021 and 2020, all bank balances were held at reputable financial institutions with sound credit ratings.

For the trade and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of trade and other receivables based on historical settlement records and past experience.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from third parties and finance lease receivables. The Group has no significant concentration of credit risk and the Group has policies in place to ensure that sale of motor vehicles and parts are made to corporate customers with an appropriate credit history and finance lease arrangement is entered with credit worthy customers.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

The Group has credit policy to monitor the level of credit risk. In general, the credit record and credit period for each customer or debtor are regularly assessed, based on the customer's or debtor's financial condition, their credit records and other factors such as current market condition. Management overall considers the shared credit risk characteristic and the days past due of the trade and other receivables to measure the expected credit loss. Management, considered among other factors (including forward looking information), analysed historical pattern and concluded that the expected average credit loss for trade receivables for Vincar Pte Ltd and Vincar Leasing & Rental Pte Ltd were 1% and 4% (FY20: 1% and 3%) respectively. On that basis, the provision for loss allowances as at 31 December 2021 for trade receivables and other receivables were S\$36,000 and S\$59,000 (2020: S\$57,000 and S\$Nil), respectively and the loss allowances expense for trade receivables and other receivables of S\$53,000 and S\$59,000 (2020: S\$96,000 and S\$76,000) were recognised in the consolidated statement of comprehensive income for the year ended 31 December 2021, respectively.

The Group will monitor debtors with long outstanding balances and will engage in enforcement activities to recover the receivables due. Where recoveries are made, these are recognised in consolidated statement of comprehensive income. The Group closely monitors trade receivables balances more than one year. Those trade receivables, due more than one year, with financial difficulties, declining credit standing and poor historical payment pattern will be considered as default. The Group will write off these unrecovered receivables after all possible means of debt recovery activities.

For customers who purchased the motor vehicles under finance lease arrangement, the Group has policies in place to review their credit worthiness and charged a market interest rate based on their credit worthiness. Management monitors the scheduled instalment pattern and credit worthiness of the customers closely. In the event, the Group notices the deterioration of credit worthiness and default settlement of 2 months contractual instalments, the Group will repossess the vehicle up for sale. Management, considered among other factors, analysed historical pattern and concluded that the expected credit loss for finance lease receivables to be immaterial. While historical default cases range from 0% to 1% of the total finance lease receivables balances, the expected credit loss rate is close to zero given that the Group has historically recovered all amount owing via the proceeds from the sale of vehicle and other legal means.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

In determining the 12-month or lifetime expected credit loss for other receivables, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical payment experience and the corresponding historical credit loss rates, and adjusted for forward-looking macroeconomic data such as Singapore GDP growth, unemployment rate, salary trend etc. In assessing whether the credit risk on these receivables have increased significantly since initial recognition, the Group compares the risk of a default occurring on these receivables as at the reporting date with the risk of a default occurring on these receivables as at the date of initial recognition. Management would re-assess these factors periodically for any deterioration or improvement indications to determine if credit risk from these receivables has increase or decrease significantly since initial recognition and revise the credit loss rate accordingly.

Financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about events including but not limited to significant financial difficulty of the borrower or a breach of contract, such as a default or past due event.

(d) Liquidity risk

The Group's policy is to maintain sufficient cash to meet its liquidity and working capital requirements.

The Group monitors and maintains a level of cash balances deemed adequate by the management to finance the Group operations and mitigate the effects of fluctuation of cash flows.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises cash and bank balances (Note 16), borrowings (Note 19) and undrawn borrowing facilities (Note 19) on the basis of expected cash flows. As the Group relies on borrowings as a source of liquidity, the management monitors regularly and closely the utilisation of borrowings (drawn and undrawn) and ensures compliance with loan covenants. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

The table below analyses cash outflow of non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. Block discounting financing and hire purchase liabilities which can be recalled on demand at the bank's sole discretion are presented within "Repayable on demand", with the assumption that lenders invoked their unconditional rights to demand immediate repayment except, as at 31 December 2021 and 2020, the Group had received confirmation letters from its major bank confirming waiver of its rights to demand immediate repayment of the certain block discounting financing granted to the Group for a period of 12 months from 31 December 2021 and 2020. The maturity analysis for other bank borrowings is prepared based on the contractual scheduled repayment dates. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay.

	Repayable on demand S$'000	Within 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	After 5 years S$'000	Total S$'000	Carrying value S$'000
Group							
At 31 December 2021							
Block discounting financing	—	7,124	6,167	11,682	2,361	27,334	25,319
Lease liabilities	—	1,171	901	2,430	65	4,567	4,066
Hire purchase liabilities	8,154	—	—	—	—	8,154	8,154
Other borrowings	—	4,229	1,052	1,665	—	6,946	6,764
Trade and other payables	—	4,930	—	—	—	4,930	4,930
	8,154	17,454	8,120	15,777	2,426	51,931	49,233
At 31 December 2020							
Block discounting financing	—	7,562	7,050	12,999	2,736	30,347	27,956
Lease liabilities	—	1,311	1,315	3,712	65	6,403	5,607
Hire purchase liabilities	6,524	—	—	—	—	6,524	6,524
Other borrowings	—	5,385	1,052	2,717	—	9,154	8,943
Trade and other payables	—	5,150	—	—	—	5,150	5,150
	6,524	19,408	9,417	19,428	2,801	57,578	54,180

3 Financial risk management (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, comply with externally imposed capital requirements and maintain an optimal capital structure so as to maximise shareholder value. Management regards capital of the Group to comprise the total equity and net debt of the Group.

Vincar Pte Ltd and Vincar Leasing and Rental Pte Ltd, both subsidiaries of the Company, are required by its principal banker to maintain a tangible net worth (i.e. paid up capital plus retained earnings) of S$15,000,000 and S$1,000,000 (2020: S$15,000,000 and S$1,500,000) as at 31 December 2021 respectively. Accordingly, the Group's strategy to capital management is to maintain its and its subsidiaries' equity within the stipulated requirements. As at 31 December 2021 and 2020, Vincar Pte Ltd and Vincar Lease and Rental Pte Ltd met all the covenants required by its principal banker.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

There were no changes to the Group's approach to capital management as at 31 December 2021 and 2020.

	As at 31 December	
	2021	2020
	S$'000	S$'000
Borrowings (Note 19)	**44,303**	49,030
Less: Cash and bank balances (Note 16)	**(6,612)**	(6,818)
Net debt	**37,691**	42,212
Total equity	**58,848**	48,842
Total capital	**96,539**	91,054
Gearing ratio	**39%**	46%

The gearing ratio decreased from 46% to 39% as a result of the decrease in borrowings and increase in profit during the year.

3.3 Fair value estimation

The carrying values of the Group's financial assets and finance liabilities approximate to their fair values due to their short-term maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

3.4 Offsetting financial assets and financial liabilities

There were no material offsetting, enforceable master netting arrangement and similar agreements as at 31 December 2021 and 2020.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Net realisable value of inventories

As set out in accounting policy (Note 2.11), motor vehicles held as inventories for sale are reviewed for their net realisable value periodically. Management determines the net realisable value of the motor vehicles against recent/subsequent sales records or indicative market price obtained through independent vehicle price research. Management will adjust the carrying amounts to the realisable value when they are different to those previously estimated net of cost for sales.

The carrying amounts of inventories as at 31 December 2021 and 2020 are disclosed in the consolidated statement of financial position.

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives for those motor vehicles used for short term operating leases based on the Group's intention to derive the future economic benefits from the expected level of usage of those motor vehicles over short term operating leases arrangement. Actual useful lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation expenses in the future periods.

4 Critical accounting estimates and judgments (Continued)

(c) Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of showrooms and offices, the following factors are normally the most relevant:

— If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

— If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

— Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

All extension options in showrooms have been included in the lease liability, because the Group would incur significant cost or business disruption to replace the assets and expect to fulfil the renewal terms and conditions.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

5 Revenue and segment information

The Executive Directors of the Company, who are the CODM of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the Executive Directors of the Company that are used to make strategic decisions, which are:

— Sales of motor vehicles and provision of related services;

— Rental income from operating lease of motor vehicles; and

— Sales of spare parts and accessories

5 Revenue and segment information (Continued)

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation in Singapore. An analysis of revenue is as follows:

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Sale of motor vehicles*	**234,851**	151,507
Motor vehicles financing related services		
— Finance commission income	**5,340**	3,568
— Insurance commission income	**718**	579
Sale of spare parts and accessories	**55**	—
Revenue from contracts with customers under IFRS 15 recognised at point in time	**240,964**	155,654
Motor vehicles financing related services		
— Interest income from finance lease arrangements	**2,426**	2,474
Rental income from operating lease of motor vehicles	**3,053**	2,744
Revenue from operating and finance lease arrangements under IFRS 16	**5,479**	5,218
	246,443	160,872

* Include direct sale of motor vehicles and sale of motor vehicles under finance lease arrangements.

The Group has revenue related contract liabilities (receipts in advance from customers) as at the end of each of the year as disclosed in Note 18. Receipts in advance from customers as at the end of each of the year will be recognised as revenue in the next year of sales.

5 Revenue and segment information (Continued)

Segment revenue and results

	Sales of motor vehicles and provision of related services S$'000	Rental income from operating leases of motor vehicles S$'000	Sales of spare parts and accessories S$'000	Consolidated S$'000
For the year ended 31 December 2021				
Segment revenue				
Total sales	238,353	3,053	55	241,461
Inter-segment sales	(3,502)	—	—	(3,502)
External sales	234,851	3,053	55	237,959
Finance commission income	5,340	—	—	5,340
Insurance commission income	718	—	—	718
Interest income from finance lease arrangement	2,426	—	—	2,426
	243,335	3,053	55	246,443
Segment profit	13,117	981	48	14,146
Finance expenses – net				(1,704)
Profit before income tax				12,442
Share of loss of a joint venture				(3)
Income tax expense				(2,453)
Profit for the year				9,986

5 Revenue and segment information (Continued)

Segment revenue and results (Continued)

	Sales of motor vehicles and provision of related services S$'000	Rental income from operating leases of motor vehicles S$'000	Sales of spare parts and accessories S$'000	Consolidated S$'000
For the year ended 31 December 2020				
Segment revenue				
Total sales	152,616	2,744	—	155,360
Inter-segment sales	(1,109)	—	—	(1,109)
External sales	151,507	2,744	—	154,251
Finance commission income	3,568	—	—	3,568
Insurance commission income	579	—	—	579
Interest income from finance lease arrangement	2,474	—	—	2,474
	158,128	2,744	—	160,872
Segment profit	5,685	478	2	6,165
Finance expenses — net				(2,059)
Profit before income tax				4,106
Income tax expense				(856)
Profit for the year				3,250

Inter-segment transactions are conducted at terms mutually agreed among group companies.

5 Revenue and segment information (Continued)

Segment assets and liabilities

	Sales of motor vehicles and provision of related services S$'000	Rental income from operating leases of motor vehicles S$'000	Sales of spare parts and accessories S$'000	Unallocated S$'000	Consolidated S$'000
As at 31 December 2021					
Segment assets	**98,819**	**15,645**	**—**	**304**	**114,768**
Segment liabilities	**44,495**	**8,463**	**—**	**2,962**	**55,920**
Capital expenditure	**725**	**4,669**	**—**	**—**	**5,394**
As at 31 December 2020					
Segment assets	97,052	13,210	—	304	110,566
Segment liabilities	52,426	7,388	—	1,910	61,724
Capital expenditure	842	1,872	—	—	2,714

Unallocated segment assets represent deferred income tax assets and other corporate assets. Unallocated segment liabilities represent income tax liabilities and other corporate liabilities. Capital expenditure comprises additions to property, plant and equipment.

Geographical information

Over 98% (2020: 98%) of revenue of the Group were generated from external customers located in Singapore and 99% (2020: 91%) of the assets of the Group were located in Singapore. Accordingly, no geographical segment analysis is presented.

Major customers

None of single external customer accounted for more than 10% of the Group's revenue during the years ended 31 December 2021 and 2020.

6 Other income and gains, net

(a) Other income

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Government grants (Note)	**307**	906
Income from deposit forfeiture	**68**	67
Sale of workshop accessories	**30**	3
Others	**175**	135
	580	1,111

Note:

Government grants mainly arose from Wage Credit Scheme ("WCS"), Special Employment Credit ("SEC"), Job Support Scheme ("JSS") and Jobs Growth Incentive ("JGI").

WCS was introduced by the Singapore government to help businesses which may face rising wage cost in a tight labour market. WCS payouts will allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.

SEC was introduced by the Singapore government to support employers as well as to raise employability of older low-wage Singaporeans.

Government grants of $96,000 (2020: $809,000) and $106,000 (2020: $Nil) was recognised during the year ended 31 December 2021 under JSS and JGI respectively. The JSS and JGI are temporary schemes introduced in the Singapore Budget 2021 to help enterprises to retain and hire local employees. Under the JSS and JGI, employers will receive cash grants in relation to the gross monthly wages of eligible employees. The remaining amounts are mainly made up by the WCS.

(b) Other (losses)/gains — net

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Foreign exchange (losses)/gains	**(160)**	387
Gain/(loss) on disposal of property, plant and equipment (Note 22)	**96**	(123)
Gain on disposal of right-of-use assets	**27**	19
	(37)	283

7 Finance expenses — net

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Finance income		
Interest income on late payment (Note)	**52**	16
Finance expenses		
Interest expenses on bank loans	**(329)**	(254)
Interest expenses on block discounting financing	**(939)**	(1,221)
Interest expenses on lease liabilities	**(256)**	(300)
Interest expenses on hire purchase liabilities	**(232)**	(300)
	(1,756)	(2,075)
Finance expenses — net	**(1,704)**	(2,059)

Note:

Interest income on late payment relates to interest imposed on customers for late payment of its overdue balances.

8 Expenses by nature

Expenses included in cost of sales, selling and distribution, and general and administrative expenses are analysed as follows:

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Cost of inventories sold	**216,480**	140,961
Auditor's remunerations for audit services		
— current year	**202**	190
Depreciation expense (Note 13)	**3,075**	3,345
Employee benefit expense (Note 9)	**9,204**	7,912
Rental expenses	**430**	550
Advertising and marketing expenses	**708**	618
Sales commission to external parties	**878**	281
Travelling and entertainment expenses	**106**	126
Pre-delivery inspection expenses	**195**	393
Legal and professional fees	**270**	700
Bank charges	**215**	220
Forfeiture of trade deposit paid	**245**	—
Insurance	**31**	38
Office expenses	**212**	188
Donations	**15**	1
Other operating expenses	**462**	406
	232,728	155,929

9 Employee benefit expense (including directors' emoluments)

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Wages and salaries	**8,007**	5,545
Employer's contribution to defined contribution plans	**822**	621
Equity-settled share-based payments	**—**	1,440
Other staff benefits	**375**	306
	9,204	7,912

9 Employee benefit expense (including directors' emoluments) (Continued)

Directors' emoluments

The remuneration of the directors for each of the years ended 31 December 2021 and 2020 were as follows:

	Fees S$'000	Salaries and allowances S$'000	Bonuses S$'000	Employer's contribution to Central Provident Fund S$'000	Equity-settled share-based payment S$'000	Total S$'000
Year ended 31 December 2021						
Executive directors						
Mr. Tan Shuay Tarng Vincent	31	1,130	340	17	—	1,518
Ms. Ng Hui Bin Audrey	31	65	11	13	—	120
Ms. Beng Lee Ser Marisa	31	510	130	22	—	693
	93	1,705	481	52	—	2,331
Non-executive directors						
Mr. Raymond Wong	31	—	—	—	—	31
Mr. Chow Wing Tung	31	—	—	—	—	31
Mr. Hui Yan Kit	31	—	—	—	—	31
Mr. Tam Yat Kit Ken	31	—	—	—	—	31
	93	—	—	—	—	93

9 Employee benefit expense (including directors' emoluments) (Continued)

Directors' emoluments (Continued)

	Fees	Salaries and allowances	Bonuses	Employer's contribution to Central Provident Fund	Equity-settled share-based payment	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Year ended 31 December 2020						
Executive directors						
Mr. Tan Shuay Tarng Vincent	31	455	120	13	144	763
Mr. Khung Poh Sun (Note 1)	15	52	—	4	144	215
Ms. Ng Hui Bin Audrey	31	70	—	12	144	257
Ms. Beng Lee Ser Marisa (Note 1)	15	342	30	17	144	548
	92	919	150	46	576	1,783
Non-executive directors						
Mr. Raymond Wong	30	—	—	—	144	174
Mr. Chow Wing Tung	31	—	—	—	144	175
Mr. Hui Yan Kit	31	—	—	—	144	175
Mr. Tam Yat Kit Ken	31	—	—	—	144	175
	93	—	—	—	432	525

Note 1: Mr Khung Poh Sun resigned as an executive director of the Company on 6 July 2020, and Ms. Beng Lee Ser Marisa was appointed as an executive director of the Company on the same date.

(a) Director's retirement benefits

The directors did not receive or will not receive any retirement benefits in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the year ended 31 December 2021 (2020: Nil).

(b) Director's termination benefits

The directors did not receive or will not receive any termination benefits during the year ended 31 December 2021 (2020: Nil).

(c) Consideration provided to third parties for making available director's services

The Company did not pay consideration to any third parties for making available directors' services during the year ended 31 December 2021 (2020: Nil).

9 Employee benefit expense (including directors' emoluments) (Continued)

Directors' emoluments (Continued)

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

There are no loans, quasi-loans and other dealing arrangements in favour of directors, corporate bodies controlled by and entities connected with such directors during the year ended 31 December 2021 (2020: Nil).

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two directors for the year ended 31 December 2021 (2020: two), whose emoluments are reflected in the analysis presented above. The emoluments paid/payable to the remaining three individuals for the year ended 31 December 2021 (2020: three) are as follows:

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Wages, salaries and allowances	**675**	535
Employer's contribution to defined contribution plans	**54**	53
	729	588

The emoluments of these three highest paid individuals fell within the following bands:

	Number of individuals Year ended 31 December	
	2021	2020
Emolument band		
HK$Nil – HK$1,000,000	**2**	2
HK$1,000,001 – HK$1,500,000	**—**	1
HK$1,500,000 – HK$2,000,000	**1**	—
	3	3

9 Employee benefit expense (including directors' emoluments) (Continued)

Share Option Plan

The establishment of the share option scheme (the "Share Option Scheme") was approved by board of directors on 1 February 2019. The Share Option Scheme is designed to enable the Company to grant options to eligible persons as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Group. Options are granted under the plan for no consideration and carry no dividends or voting rights.

The exercise price of the options is determined by the management was based on the highest of:

a) the closing price of the shares on the date of grant as stated in the Hong Kong Stock Exchange;

b) the average closing price of the shares as stated in the Hong Kong Stock Exchange 5 trading days before the date of grant; and

c) the nominal value of the share on the offer date.

Set out below are summaries of options granted under the plan:

	2021		2020	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
As at 1 January	**HK$0.146**	**90,000,000**	—	—
Granted during the year		**—**	HK$0.146	90,000,000
As at 31 December	**HK$0.146**	**90,000,000**	HK$0.146	90,000,000
Vested and exercisable at 31 December	**HK$0.146**	**90,000,000**	HK$0.146	90,000,000

No options were expired during the periods covered by the above tables.

9 Employee benefit expense (including directors' emoluments) (Continued)

Share Option Plan (Continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price	Share options 31 December 2021	Share options 31 December 2020
8 April 2020	8 April 2030	HK$0.146	**90,000,000**	90,000,000

Weighted average remaining contractual life of options outstanding at end of year	8.3 years	9.3 years

Fair value of options granted

The fair value at grant date is independently determined using the binomial valuation model and subject to a number of assumptions and with regard to the limitation of the model. The fair value of the share options granted and the significant input to the model at grant date are summarised as below:

	2020
Fair value of the share options granted (S$)	1,440,000
Fair value per option at grant date (HK$)	0.0933
Number of share options granted	90,000,000
Exercise price per share (HK$)	0.146
Strike price per share (HK$)	0.143
Grant date	8 April 2020
Expiry date	8 April 2030
Risk-free rate	0.726%
Expected volatility	240.8%
Expected dividend yield	0%
Forfeiture rate	0%

The expected volatility measured on the standard deviation of expected share price returns was estimated based on statistical analysis of share prices since the Company was listed in February 2019.

9 Employee benefit expense (including directors' emoluments) (Continued)

Fair value of options granted (Continued)

As at 31 December 2021 and 2020, all of the outstanding options have been vested. The total expenses recognised in the consolidated statement of comprehensive income were as follows:

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Share-based payment expenses charged in the consolidated statement of comprehensive income	**—**	1,440

10 Income taxes

(a) Income tax expenses

Singapore statutory income tax has been provided at the rate of 17% on the estimated assessable profit during the year ended 31 December 2021 (2020: 17%).

The amounts of income tax expenses charged to the consolidated statement of comprehensive income represent:

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Singapore profits tax		
— Current tax expense	**2,226**	1,035
Under/(over)-provision in prior years		
— Current tax expense/(credit)	**76**	(92)
Deferred tax expense/(credit) (Note 10(c))	**151**	(87)
Total tax expenses for the year	**2,453**	856

10 Income taxes (Continued)

(a) Income tax expenses (Continued)

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

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Profit before income tax	**12,442**	4,106
Tax at the statutory tax rate of 17% (2020: 17%)	**2,115**	698
Statutory income tax exemption	**(17)**	(43)
Income not subjected to tax	**(23)**	(138)
Expenses not deductible for tax	**299**	418
Under/(over)-provision of tax in prior financial years	**76**	(92)
Others	**3**	13
Income tax expenses	**2,453**	856

(b) Movement in current income tax liabilities

	As at 31 December	
	2021	2020
	S$'000	S$'000
Beginning of the year	**1,716**	1,553
Income tax paid	**(1,355)**	(780)
Income tax expense	**2,226**	1,035
Under/(over)-provision in prior years	**76**	(92)
End of the year	**2,663**	1,716

10 Income taxes (Continued)

(c) Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred income tax assets and liabilities (after offsetting of balances) is as follows:

Deferred tax assets/(liabilities)

	Unrealised profit S$'000	Accelerated tax depreciation S$'000	Right-of-use assets S$'000	Lease liabilities S$'000	Provisions S$'000	Total S$'000
At 1 January 2020	24	(35)	(1,074)	1,096	137	148
(Charged)/credited to profit or loss (Note 10(a))	(8)	(35)	157	(143)	14	(15)
At 31 December 2020	16	(70)	(917)	953	151	133
Credited/(charged) to profit or loss (Note 10(a))	47	29	270	(262)	10	94
At 31 December 2021	63	(41)	(647)	691	161	227

	Unrealised profit S$'000	Accelerated tax depreciation S$'000	Right-of-use assets S$'000	Lease liabilities S$'000	Provisions S$'000	Total S$'000
At 1 January 2020	—	2	—	—	9	11
Credited to profit or loss (Note 10(a))	—	101	—	—	1	102
At 31 December 2020	—	103	—	—	10	113
Charged to profit or loss (Note 10(a))	—	(242)	—	—	(3)	(245)
At 31 December 2021	—	(139)	—	—	7	(132)

11 Dividends

The Company has neither declared nor paid any dividends since its incorporation.

12 Basic and diluted earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2021 and 2020.

	Year ended 31 December	
	2021	2020
Profit attributable to equity holders of the Company (S$'000)	**9,986**	3,250
Weight average number of ordinary shares in issue ('000)	**900,000**	900,000
Basic earnings per share in Singapore cents	**1.11**	0.36

(b) Diluted earnings per share

2020

There were one type of potential dilutive ordinary shares outstanding share options for the year ended 31 December 2020. The Company's share options (Note 9) are not included in the calculation of the diluted earnings per share because they are anti-dilutive for the financial year ended presented. Hence, the diluted earnings per share is the same as basic earnings per share.

2021

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has only one category dilutive potential ordinary share (share options).

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

12 Basic and diluted earnings per share (Continued)

(b) Diluted earnings per share (Continued)

2021 (Continued)

Net profit attributable to the equity holders of the Company (S$'000)	9,986
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	900,000
Add: share options ('000)	90,000
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	990,000
Diluted earnings per share in Singapore cents	1.01

13 Property, plant and equipment

	Office equipment S$'000	Motor vehicles S$'000	Renovation S$'000	Computers and software S$'000	Leasehold properties S$'000	Right-of-use assets S$'000	Furniture and fittings S$'000	Total S$'000
Year ended 31 December 2021								
Opening net book amount	50	13,081	152	17	2,085	5,393	17	20,795
Additions	62	5,171	69	58	—	6	28	5,394
Disposals	—	(1,073)	—	—	—	(464)	—	(1,537)
Depreciation (Note 8)	(49)	(1,545)	(149)	(46)	(142)	(1,128)	(16)	(3,075)
Closing net booking amount	63	15,634	72	29	1,943	3,807	29	21,577
At 31 December 2021								
Cost	400	20,799	1,541	422	3,688	6,172	453	33,475
Accumulated depreciation	(337)	(5,165)	(1,469)	(393)	(1,745)	(2,365)	(424)	(11,898)
Net book amount	63	15,634	72	29	1,943	3,807	29	21,577

13 Property, plant and equipment (Continued)

	Office equipment S$'000	Motor vehicles S$'000	Renovation S$'000	Computers and software S$'000	Leasehold properties S$'000	Right-of-use assets S$'000	Furniture and fittings S$'000	Total S$'000
Year ended 31 December 2020								
Opening net book amount	105	13,433	600	26	2,223	6,322	76	22,785
Additions	16	1,993	—	9	—	692	4	2,714
Disposals	—	(867)	—	—	—	(492)	—	(1,359)
Depreciation (Note 8)	(71)	(1,478)	(448)	(18)	(138)	(1,129)	(63)	(3,345)
Closing net booking amount	50	13,081	152	17	2,085	5,393	17	20,795
At 31 December 2020								
Cost	338	17,143	1,472	364	3,688	6,928	425	30,358
Accumulated depreciation	(288)	(4,062)	(1,320)	(347)	(1,603)	(1,535)	(408)	(9,563)
Net book amount	50	13,081	152	17	2,085	5,393	17	20,795

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December 2021 S$'000	2020 S$'000
Cost of sales	**1,461**	1,408
General and administrative expenses	**1,614**	1,937
	3,075	3,345

As at 31 December 2021, the carrying amount of motor vehicles and leasehold properties amounting to S$15,150,000 (2020: S$12,284,000) and S$956,912 (2020:S$Nil) were pledged for hire purchase financing (Note 19(d)) and revolving credit loans (Note 19(a)), respectively.

13 Property, plant and equipment (Continued)

Right-of-use assets

Right-of-use assets comprised of leased office equipment, office spaces and showrooms.

Amount recognised in the consolidated statement of comprehensive income

		Year ended 31 December	
	Note	**2021**	2020
		S$'000	S$'000
Interest expense on lease liabilities	7	**256**	300
Expense relating to short-term leases	8	**430**	550

The total cash outflow for leases in 31 December 2021 was S$1,742,000 (2020:S$1,874,000) (including short-term leases).

The Group leases various offices, office equipment and showroom. Rental contracts are typically fixed period of 2 years to 5 years, but may have extension and termination options as described below.

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 covenant other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in showroom across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operation. The Group negotiates extension and termination options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination are exercisable only by the Group and not by the lessor.

14 Inventories

	As at 31 December	
	2021	2020
	S$'000	S$'000
Current		
Finished goods-at-cost		
— Motor vehicles	**42,734**	32,619
— Others	**797**	1,405
Less: Allowance for inventory written down	**(51)**	(51)
Total	**43,480**	33,973

The cost of inventories recognised as expense and included in "cost of sales" amounted to S$216,480,000 for the year ended 31 December 2021 (2020: S$140,961,000).

15 Trade and other receivables

	As at 31 December	
	2021	2020
	S$'000	S$'000
Current		
Trade receivables	**1,202**	866
Less: Provision for impairment of trade receivables — third parties	**(36)**	(57)
Trade receivables — net	**1,166**	809
Prepayments	**13,323**	19,815
Other receivables	**800**	457
Less: Provision for impairment of other receivables — third parties	**(59)**	—
Other receivables — net	**741**	457
Total	**15,230**	21,081

Trade receivables mainly include outstanding balances from customers arising from sale of motor vehicles and sale of spare parts and accessories. For the sale of motor vehicles, all customers are generally required to make payment at the point of transaction and no credit period is granted to these customers. The Group may, however, at times grant credit period to certain customers based on (i) size of order; (ii) the Group's relationship with the customers; and (iii) the Group's assessment of the reputation and credit worthiness of the customers and may impose interest on overdue balances.

Prepayments mainly include advances to various suppliers for purchase of inventory and prepayment for purchase of Certificates of Entitlement.

15 Trade and other receivables (Continued)

As at 31 December 2021 and 2020, the ageing analysis of the trade receivables (net of provision for impairment) based on invoice date are as follows:

	As at 31 December	
	2021	2020
	S$'000	S$'000
Up to 3 months	1,035	634
3 to 4 months	48	66
4 months to 1 year	68	80
More than 1 year	15	29
	1,166	809

Movements in the provision for impairment of third parties — trade receivables are as follows:

	As at 31 December	
	2021	2020
	S$'000	S$'000
As at 1 January	57	52
Provision for impairment of trade receivables	53	96
Bad debts written off	(74)	(91)
As at 31 December	36	57

Movements in the provision for impairment of third parties — other receivables are as follows:

	As at 31 December	
	2021	2020
	S$'000	S$'000
As at 1 January	—	—
Provision for impairment of other receivables	59	76
Bad debts written off	—	(76)
As at 31 December	59	—

15 Trade and other receivables (Continued)

The carrying amounts of the Group's trade and other receivables and prepayments are considered to be the same as their fair values due to short-term in nature and are denominated in the following currencies:

	As at 31 December	
	2021	2020
	S$'000	S$'000
S$	**15,222**	21,070
Others	**8**	11
	15,230	21,081

16 Cash and bank balances

Cash and bank balances are denominated in the following currencies:

	As at 31 December	
	2021	2020
	S$'000	S$'000
S$	**5,810**	6,663
HKD	**86**	65
USD	**16**	17
GBP	**698**	26
JPY	**2**	47
	6,612	6,818

17 Finance lease receivables

The Group sells motor vehicles to third parties under finance leases arrangements. The weighted-average effective interest rate of the finance lease receivables as at 31 December 2021 and 2020 is 6.38% and 6.36% per annum, respectively.

At 31 December 2021 and 2020, the Group has receivables under finance lease as follows:

	Gross receivable S$'000	Unearned income S$'000	Net finance lease receivables S$'000
As at 31 December 2021			
Within 1 year	**7,326**	**1,512**	**5,814**
After 1 year but within 5 years	**20,153**	**2,715**	**17,438**
After 5 years	**4,163**	**270**	**3,893**
	31,642	**4,497**	**27,145**

	Gross receivable S$'000	Unearned income S$'000	Net finance lease receivables S$'000
As at 31 December 2020			
Within 1 year	7,460	1,571	5,889
After 1 year but within 5 years	20,707	2,837	17,870
After 5 years	4,164	270	3,894
	32,331	4,678	27,653

As at 31 December 2021 and 2020, the block discounting financing (Note 19(c)) were secured by the finance lease receivables.

18 Trade and other payables and provision for warranty

	As at 31 December	
	2021	2020
	S$'000	S$'000
Trade payables (Note a)	**1,244**	2,419
Other payables	**897**	966
Contract liabilities (Note c)	**3,700**	5,628
Accrued operating expenses	**2,789**	1,765
Provision for warranty (Note b)	**192**	200
	8,822	10,978

(a) Trade payables

An ageing analysis of the trade payables as at 31 December 2021 and 2020, based on the invoice date, is as follows:

	As at 31 December	
	2021	2020
	S$'000	S$'000
Within 1 month	**939**	1,889
1 to 4 months	**131**	316
4 months to 1 year	**169**	110
More than 1 year	**5**	104
	1,244	2,419

Trade payables are unsecured and non-interest bearing. These trade payables do not have any credit terms in general, however, the Group is able to negotiate to extend the repayment period with the suppliers based on mutual agreement.

(b) Provision for warranty

Movement in provision for warranty is as follows:

	As at 31 December	
	2021	2020
	S$'000	S$'000
As at 1 January	**200**	239
Provision/(reversal) for the year	**55**	(30)
Provision utilised	**(63)**	(9)
As at 31 December	**192**	200

18 Trade and other payables and provision for warranty (Continued)

(c) Contract liabilities

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	As at 31 December	
	2021	2020
	S$'000	S$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Sales of motor vehicles	**5,628**	4,795

(ii) Significant changes in contract liabilities

Contract liabilities for the contracts with customers decreased during the year ended 31 December 2021 due to the less pre-order from customers as at year end.

(iii) Unsatisfied performance obligations

As at 31 December 2021, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under IFRS 15, the transaction price allocated to these unsatisfied performance obligations was not disclosed.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	As at 31 December	
	2021	2020
	S$'000	S$'000
S$	**8,460**	10,583
GBP	**3**	—
HKD	**167**	194
JPY	**—**	1
	8,630	10,778

The carrying amounts of the trade and other payables approximate to their fair values.

19 Borrowings

	As at 31 December	
	2021	2020
	S$'000	S$'000
Non-current		
Block discounting financing (Note c)	**18,941**	21,278
Lease liabilities	**3,076**	4,546
Term loan (Note e)	**2,646**	3,634
	24,663	29,458
Current		
Revolving credit facility (Note a)	**1,001**	—
Trust receipts (Note b)	**2,123**	4,333
Block discounting financing (Note c)	**6,378**	6,678
Lease liabilities	**990**	1,061
Hire purchase liabilities (Note d)	**8,154**	6,524
Term loan (Note e)	**994**	976
	19,640	19,572
	44,303	49,030

Notes:

(a) Revolving credit facility is secured by leasehold properties (Note 13) and contain repayable on demand clauses.

(b) Trust receipts financing were secured by corporate guarantee provided by the Company.

(c) Block discounting financing were secured by finance lease receivables (Note 17) and corporate guarantee provided by the Company. Block discounting financing contains a repayable on demand clause. However, prior to the year end, the Group had received confirmation letters from the bank confirming that it waived its rights to demand immediate repayment of the certain block discounting financing granted for a period of 12 months from 31 December 2021 and 2020. Therefore, the Group classified certain portion of the block discounting as at 31 December 2021 and 2020 as non-current.

(d) Hire purchase liabilities were bank loans secured by motor vehicles (Note 13) and corporate guarantee by the Company. Although the Group was contractually required to make periodic instalments over several years, the Group presented certain hire purchase liabilities as current given that these arrangements contained repayable on demand clauses.

(e) Term loan was secured by corporate guarantee provided by the Company.

19 Borrowings (Continued)

The average effective interest rate per annum as at 31 December 2021 and 2020 were set out as follows:

	As at 31 December	
	2021	2020
	%	%
Revolving credit facility	**2.5**	—
Trust receipts	**4.0**	4.0
Block discounting financing	**3.5**	3.7
Lease liabilities	**5.0**	5.0
Hire purchase liabilities	**4.2**	3.4
Term loan	**3.8**	3.8

The expected contractual undiscounted cash outflows of borrowings, including interest payments and excluding the impact of netting agreement is disclosed in Note 3.1(d).

The carrying amounts of the Group's borrowings are denominated in S$ and approximate to their fair values.

As at 31 December 2021 and 2020, the Group has unutilised committed banking facilities of approximately S$4,700,000 and S$4,200,000 respectively.

20 Share capital, share premium and capital reserve

		Share capital	
	Number of ordinary shares	**Nominal value of ordinary shares**	**Share premium**
		S$'000	S$'000
Authorised:			
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	10,000,000,000	17,207	—
Issued and fully paid:			
Ordinary shares			
As at 1 January 2020, 31 December 2020,1 January 2021 and 31 December 2021	900,000,000	1,550	11,864

20 Share capital, share premium and capital reserve (Continued)

Capital reserve of S$3,494,000 (2020:S$3,494,000) represented the combined share capital of Vincar Pte. Ltd., Vincar Leasing and Rental Pte. Ltd. and Autoart Motorsports Pte. Ltd. before the Reorganisation.

21 Related party transactions

(a) Transactions with related parties

Parties are considered to be related to the Group if the key management personnel or shareholders of the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions.

During the year ended 31 December 2021 and 2020, the related parties that had transactions with the Group were as follows:

Name of related parties	**Relationships with the Group**
Beng Lee Ser, Marisa	Spouse of the ultimate controlling party of the Group, Mr. Vincent Tan.
Vincar Assets Pte. Ltd.	Company which Mr. Vincent Tan has significant influence in.
Autumn Silver Investments Ltd.	Company which Beng Lee Ser, Marisa has significant influence in.
Victoria Land Limited	Company which Beng Lee Ser, Marisa has significant influence in.
Wealth Assets Pte. Ltd.	Company which Vincar Assets Pte. Ltd. has non-controlling shareholding.
Ng Hui Bin Audrey	Executive Director and the sister-in-law of the ultimate controlling party of the Group, Mr. Vincent Tan.

21 Related party transactions (Continued)

(a) Transactions with related parties (Continued)

In addition to those disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties:

	Year ended 31 December	
	2021	2020
Transactions	S$'000	S$'000
Rental paid/payable to related parties		
— Autumn Silver Investments Ltd	(60)	(60)
— Victoria Land Limited	(84)	(84)
— Wealth Asset Pte. Ltd	(972)	(925)
— Mr. Vincent Tan & Beng Lee Ser, Marisa	(96)	(96)
	(1,212)	(1,165)
Payments on behalf of related parties		
— Beng Lee Ser, Marisa	6	—
	6	—
Payments on behalf by related parties		
— Beng Lee Ser, Marisa	(1,129)	(383)
— Mr. Vincent Tan	(117)	(113)
— Ng Hui Bin Audrey	(3)	—
	(1,249)	(496)
Sales to related parties		
— Beng Lee Ser, Marisa	10	297
— Beng Lee Mien Marie	46	—
— Ng Hui Bin Audrey's father	228	—
	284	297
Purchases from related parties		
— Beng Lee Ser, Marisa	—	255
— Ng Hui Bin Audrey's father	106	—
	106	255

21 Related party transactions (Continued)

(b) Key management compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors of the Group are considered as key management personnel of the Group.

Compensation of key management personnel of the Group, including directors' remuneration, is disclosed in Note 9 to the consolidated financial statements.

22 Notes to the consolidated statement of cash flows

(a) In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2021	2020
	S$'000	S$'000
Net carrying amount of property, plant and equipment (Note 13)	**1,073**	867
Gain/(loss) on disposal of property, plant and equipment (Note 6(b))	**96**	(123)
Proceeds from disposal of property, plant and equipment	**1,169**	744

22 Notes to the consolidated statement of cash flows (Continued)

(b) Cash flow information — financing activities

This section sets out the reconciliation of liabilities arising from financing activities for the years ended 31 December 2021 and 2020.

	Block discounting financing and hire purchase liabilities	Interest payable	Bank borrowings	Lease liabilities	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
As at 1 January 2020	35,327	—	12,233	6,450	54,010
Non-cash movements					
— Interest expense	—	1,775	—	300	2,075
— Addition of new lease	—	—	—	692	692
— Disposal of lease liabilities	—	—	—	(511)	(511)
Cash flows	(847)	(1,775)	(3,290)	(1,324)	(7,236)
As at 31 December 2020	34,480	—	8,943	5,607	49,030
As at 1 January 2021	**34,480**	**—**	**8,943**	**5,607**	**49,030**
Non-cash movements					
— Interest expense	**—**	**1,500**	**—**	**256**	**1,756**
— Addition of new lease	**—**	**—**	**—**	**6**	**6**
— Disposal of lease liabilities	**—**	**—**	**—**	**(491)**	**(491)**
Cash flows	**(1,007)**	**(1,500)**	**(2,179)**	**(1,312)**	**(5,998)**
As at 31 December 2021	**33,473**	**—**	**6,764**	**4,066**	**44,303**

23 Investment in subsidiaries/Amount due from a subsidiary

(a) Investment in subsidiaries

Detail of unlisted subsidiaries as follows:

Name of subsidiaries	Date of incorporation	Country of operation/ incorporation	Principal activities	Issued and paid up capital S$'000	Effective interest held As at 31 December 2021	2020
Directly held by the Company						
Solution Lion Limited	12 May 2017	British Virgin Islands	Investment holding company	S$2,294	100%	100%
Indirectly held by the Company						
Vincar Pte. Ltd.	18 December 2003	Singapore	Sale of parallel-import motor vehicles and pre-owned motor vehicles and provision of motor vehicle financing services and motor insurance agency services	S$1,000	100%	100%
Vincar Leasing and Rental Pte. Ltd.	23 May 2014	Singapore	Leasing of motor vehicles	S$100	100%	100%
Autoart Motorsports Pte. Ltd. *	23 November 2015	Singapore	Sale of spare parts and accessories	S$100	—	100%
Vincar EV Pte. Ltd.	7 October 2021	Singapore	Trading of new and used electric vehicles	S$200	90%	—

* The company was deregistered in November 2021.

(b) The amount due from a subsidiary is denominated in HKD, unsecured, interest-free and repayable on demand.

24 Investment in a joint venture

Set out below is the joint venture under the equity method of the Group as at 31 December 2021 which, in the opinion of the directors is material to the Group.

Name of entity	Place of business/ country of incorporation	% of ownership interest 31 December 2021	2020
Komoco Pre-owned Pte. Ltd.	Singapore	50%	—

Komoco Pre-owned Pte. Ltd. is principally engaging in trading of vehicles.

The Group has no further commitments to provide funding to its joint venture and has no contingent liabilities relating to the joint venture.

Summarised financial information for joint venture

Set out below is the summarised financial information for Komoco Pre-owned Pte. Ltd.

Summarised balance sheet

	Komoco Pre-owned Pte. Ltd. 31 December	
	2021 $'000	2020 $'000
ASSETS		
Current assets		
— Cash and cash equivalents	997	—
— Other financial assets	18	—
Total assets	1,015	—
LIABILITIES		
Non-current liabilities		
— Financial liabilities	21	—
Total liabilities	21	—
Net assets	994	—

24 Investment in a joint venture (Continued)

Summarised statement of comprehensive income

	Komoco Pre-owned Pte. Ltd. For the year ended 31 December 2021 S$'000	2020 S$'000
Revenue	—	—
Expenses		
Includes:		
— General and administrative expenses	(6)	—
Loss from continuing operations	(6)	—
Income tax expense	—	—
Post-tax loss from continuing operations	(6)	—
Total comprehensive loss	(6)	—
Group's share in %	50%	—
Share of loss of a joint venture	(3)	—

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

24 Investment in a joint venture (Continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint venture, is as follows

	Komoco Pre-owned Pte. Ltd. 31 December	
	2021	2020
	$'000	$'000
Opening net assets, 1 January 2021	**—**	—
Capital injection	**1,000**	—
Loss for the period	**(6)**	—
Other comprehensive income	**—**	—
Closing net assets, 31 December 2021	**994**	—
Group's share in %	**50%**	—
Group's share of net assets	**497**	—
Carrying amount	**497**	—

25 Balance sheet and reserve movement of the Company

(a) Financial position of the Company

	Note	As at 31 December 2021 S$'000	2020 S$'000
ASSETS			
Non-current asset			
Investment in subsidiaries	23(a)	**2,294**	2,294
Current assets			
Trade and other receivables		**6**	7
Amount due from a subsidiary	23(b)	**7,318**	7,984
Cash and bank balances		**72**	51
		7,396	8,042
Total assets		**9,690**	10,336
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the Company			
Share capital	20	**1,550**	1,550
Share premium	20	**11,864**	11,864
Share based payment reserve	9	**1,440**	1,440
Accumulated loss	25(b)	**(5,331)**	(4,712)
Total equity		**9,523**	10,142
LIABILITIES			
Current liabilities			
Trade and other payables		**167**	194
Total liabilities		**167**	194
Total equity and liabilities		**9,690**	10,336

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 31 March 2022 and was signed on its behalf.

Mr. Tan Shuay Tarng Vincent
Director

Ms. Ng Hui Bin Audrey
Director

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

25 Balance sheet and reserve movement of the Company (Continued)

(b) Reserve movement of the Company

	Share based payment reserve S$'000	Accumulated loss S$'000
At 1 January 2020	—	(2,334)
Loss and total comprehensive loss for the year	—	(2,378)
Equity settled share based payments	1,440	—
At 31 December 2020 and 1 January 2021	1,440	(4,712)
Loss and total comprehensive loss for the year	—	(619)
At 31 December 2021	1,440	(5,331)

26 Commitments

Operating lease commitments — as lessor

The future minimum rentals receivable under non-cancellable operating leases of motor vehicles of the Group as at 31 December 2021 and 2020 are as follows:

	As at 31 December	
	2021 S$'000	2020 S$'000
Within 1 year	**1,866**	1,320
After 1 year but within 5 years	**810**	1,171
After 5 years	**120**	261
	2,796	2,752

27 Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2021 and 2020.

28 Financial instruments by category

The categories of financial instruments as at the end of the financial year are as follows:

	As at 31 December	
	2021	2020
	S$'000	S$'000
Financial assets at amortised costs		
Trade and other receivables (excluding prepayments)	**1,907**	1,266
Cash and bank balances	**6,612**	6,818
Financial liabilities at amortised costs		
Borrowings	**(44,303)**	(49,030)
Trade and other payables (excluding non-financial liabilities)	**(4,930)**	(5,150)

The carrying amounts of current financial assets and current financial liabilities approximate their fair values due to their short-term nature.

The fair values of finance lease receivables and lease liabilities, as computed based on cash flows discounted at the expected market borrowing rates, approximate the carrying amounts stated in the consolidated financial statements.

Financial Summary

For the year ended 31 December 2021

RESULTS

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**246,443**	160,872	186,971	184,993	204,898
Gross profit	**28,363**	18,409	20,944	22,034	22,055
Profit before income tax	**12,442**	4,106	4,210	9,075	9,795
Profit and total comprehensive income for the year	**9,986**	3,250	3,006	7,430	7,996

ASSETS AND LIABILITIES

	As at 31 December				
	2021	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Total assets	**114,768**	110,566	110,959	100,461	80,412
Total liabilities	**55,920**	61,724	66,807	72,729	60,110
Total equity	**58,848**	48,842	44,152	27,732	20,302