Raffles Interior

Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1376

ANNUAL REPORT 2020

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chua Boon Par
(Chairman and Chief Executive Officer)
Mr. Ding Hing Hui
Mr. Leong Wai Kit (Liang Weijie)

Independent Non-Executive Directors

Mr. Chia Kok Seng
Mr. Gay Soon Watt
Mr. Wong Heung Ming Henry

AUDIT COMMITTEE

Mr. Wong Heung Ming Henry *(Chairman)*
Mr. Chia Kok Seng
Mr. Gay Soon Watt

REMUNERATION COMMITTEE

Mr. Gay Soon Watt *(Chairman)*
Mr. Chia Kok Seng
Mr. Wong Heung Ming Henry

NOMINATION COMMITTEE

Mr. Chia Kok Seng *(Chairman)*
Mr. Gay Soon Watt
Mr. Wong Heung Ming Henry

COMPANY SECRETARY

Ms. Lam Wing Chi

AUTHORISED REPRESENTATIVES

Mr. Chua Boon Par
Ms. Lam Wing Chi

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

59 Sungei Kadut Loop, Singapore 729490

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited

CORPORATE INFORMATION (CONTINUED)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central, Hong Kong
(resigned on 24 May 2021)

Moore Stephens CPA Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
801–806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui
Kowloon, Hong Kong
(appointed on 24 May 2021)

COMPLIANCE ADVISER

Kingsway Capital Limited
7th Floor, Tower 1
Lippo Centre
89 Queensway
Hong Kong

COMPANY WEBSITE

www.rafflesinterior.com

STOCK CODE

1376

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Raffles Interior Limited (the "**Company**", together with its subsidiaries, the "**Group**", "**we**" or "**us**"), I am delighted to present our first annual report of the Group for the year ended 31 December 2020 following our listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

LISTING ON THE STOCK EXCHANGE

The ordinary shares of the Company (the "**Shares**") were successfully listed (the "**Listing**") on the Main Board of the Stock Exchange on 7 May 2020 (the "**Listing Date**") which marked a significant milestone for our Group. 250 million Shares were issued under the share offer, raising net proceeds of approximately HK$70 million (after deducting listing expenses). The additional capital raised and a broader capital base as a result of the Listing allow us to further expand our business.

2020 looks promising until Coronavirus Disease 2019 ("**COVID-19**") struck globally. In Singapore, Circuit Breaker measures were imposed by the Singapore Government from 7 April 2020 to 1 June 2020 to combat the local transmission of COVID-19. As the Group's interior fitting out services are identified as non-essential business, all of the Group's project sites were halted. Although the circuit breaker measures have been gradually lifted on 1 June 2020, work at site cannot resume immediately due to the spike in COVID-19 infections among foreign workers living in the dormitories and the additional safe and controlled measures for each construction projects before work can resume at site.

COVID-19 is a crisis of the generation and brought about a new set of challenges across all industries. As we get used to the new norm, it has toughened our people to manage and overcome this crisis, collectively and cohesively.

Despite the bleak outlook for Singapore's construction industry in the short term due to the COVID-19 outbreak, the Group is confident that we will be able to weather through any storms with our ever-committed management team and staff.

I would like to take this opportunity to express my sincere gratitude to my fellow Directors, the management team and staff for their dedication, contributions and hard work throughout the years, and to the shareholders, business partners and suppliers for their trust and support.

Chua Boon Par
Chairman, chief executive officer and executive director

Singapore, 27 May 2022

BUSINESS REVIEW AND OUTLOOK

The Group is an interior fitting-out services provider in Singapore. Our interior fitting-out services include (i) project management and construction management of the interior fitting-out projects; (ii) construction and installation of interior fitting-out works; (iii) customising, manufacturing and supplying of carpentry/joinery and integral fixtures; and (iv) maintenance of the projects that we undertake on an ad-hoc basis.

During the year ended 31 December 2020, the Group's revenue decreased by 16.3% to approximately S$64.2 million as compared to approximately S$76.7 million for the year ended 31 December 2019. The Group's gross profit and net profit also decreased by 116.1% and 445.7% to gross loss of approximately S$2.6 million and net loss of S$15.9 million respectively, as compared to gross profit and net profit approximately S$16.2 million and S$4.6 million for the year ended 31 December 2019, respectively. The decrease was mainly due to the decrease in the Group's revenue as a result of the imposition of circuit breaker measures by the Singapore government in April and May 2020 due to the outbreak of COVID-19. During the circuit breaker period between 7 April 2020 to 1 June 2020, the Group's interior fitting out services were identified as non-essential business and therefore all of the Group's project sites were halted. Although the circuit breaker measures have been gradually lifted on 2 June 2020, works at site could not resume immediately due to the spike in COVID-19 infections among foreign workers living in the dormitories and the additional safety and controlling measures for each construction project before work could resume at site. The Group was only able to fully resume operation since November 2020, therefore revenue recognised during the year ended 31 December 2020 significantly reduced when compared to the year ended 31 December 2019.

Construction contracts for the built environment sector are expected to grow to between S$23 billion and S$28 billion in 2021, as the sector recovers from the impact of the COVID-19 pandemic (from the speech of Desmond Lee, the National Development Minister of Singapore, made on 18 January 2020).

The growth of the construction industry in the medium term will be supported by public sector developments such as public housing, transport and healthcare infrastructure. Private sector demand is projected to improve steadily, in tandem with the recovery of the global economy.

Thus, despite projects were postponed in light of market uncertainties and disruption, we are confident that the business will start to pick up in 2022 to 2023. With the supervision of the Group's senior management and dedicated staff coupled with the proceeds received from the Share Offer, the Group believes that it is in a very healthy position to weather any storm ahead.

As at 31 December 2020, the Group had 19 projects on hand (including contracts in progress and contracts which are yet to commence) with a notional contract value of approximately S$66.3 million, of which approximately S$25.5 million had been recognised as revenue before 31 December 2020. The remaining balance will be recognised as the Group's revenue in accordance with the progress towards completion.

2020 looks promising until COVID-19 struck globally. In Singapore, circuit breaker measures were imposed by the Singapore government from 7 April 2020 to 1 June 2020 to combat the local transmission of COVID-19. As the Group's interior fitting out services are identified as non-essential business, all of the Group's project sites were halted. Although the circuit breaker measures have been gradually lifted on 1 June 2020, work at site cannot resume immediately due to the spike in COVID-19 infections among foreign workers living in the dormitories and the additional safe and controlled measures for each construction projects before work can resume at site.

COVID-19 is a crisis of the generation and brought about a new set of challenges across all industries. As we get used to the new norm, it has toughened our people to manage and overcome this crisis, collectively and cohesively.

Despite the bleak outlook for Singapore's construction industry in the short term due to the COVID-19 outbreak, the Group is confident that we will be able to weather through any storms with our ever-committed management team and staff.

FINANCIAL REVIEW

	For the year ended 31 December		
	2020	2019	Change
Revenue (S$000)	**64,221**	76,659	(12,438)
Gross (loss)/profit (S$000)	**(2,582)**	16,219	(18,801)
Gross (loss)/profit margin	**–4.0%**	21.2%	–25.2%
Net (loss)/profit (S$000)	**(15,949)**	4,638	(20,587)

Revenue

The Group's principal operating activities are provision of interior fitting-out services for (i) owners or tenants of commercial and light-industrial properties; (ii) construction contractors; and (iii) professional consultants, and our revenue was mainly derived from projects involving fitting-out works for office space.

	For the year ended 31 December 2020			For the year ended 31 December 2019		
	Number of projects with revenue contribution	**Revenue (S$'000)**	**Percentage of Revenue (%)**	Number of projects with revenue contribution	Revenue (S$'000)	Percentage of Revenue (%)
Owners/tenants	**31**	**43,247**	**67.4**	46	62,064	81.0
Construction contractors	**7**	**10,945**	**17.0**	9	7,389	9.6
Professional consultants	**12**	**10,029**	**15.6**	19	7,206	9.4
	50	**64,221**	**100.0**	74	76,659	100.0

The Group's overall revenue decreased by approximately S$12.4 million or approximately 16.2% from approximately S$76.7 million for the year ended 31 December 2019 to approximately S$64.2 million for the year ended 31 December 2020. The decrease is mainly due to (i) the imposition of circuit breaker measures by the Singapore government in April 2020 which resulted in suspension of works at site from 7 April 2020 to 19 June 2020; (ii) shut down of the Group's dormitories due to a spike in COVID-19 infection across migrant worker dormitories which the Group's foreign workers were only allowed to resume work on site in August 2020; and (iii) the mandatory Safe Distancing Measures which were put in place before commencing work at site. Thus, the Group only operated for 7 months during the year ended 31 December 2020 as compared to 12 months during the year ended 31 December 2019.

Cost of Sales

The Group's cost of sales increased by approximately S$6.4 million or approximately 10.5% from approximately S$60.4 million for the year ended 31 December 2019 to approximately S$66.8 million for year ended 31 December 2020. Such increase in cost of sales was generally due to unabsorbed overheads amounting to approximately S$2.4 million incurred during the work stoppage period. Additional cost is incurred to engage more subcontractors and supplied labor to complete the project within the new stipulated timeline and to implement a system on Safe Distancing Measures to provide a safe working environment and minimise the risk of further outbreaks.

Measures like appointing safe management officer and/or safety distancing officer on sites, segregation of teams to reduce physical interaction and ensuring safety distancing at sites including dedicated accommodation (requirement for workers to be cohort), segregated teams, segregation at shared facilities, safety transportation measures for shuffling the workers to sites, support on contact tracing requirement, implementing health checks and protocols, providing medical personal protective equipment (mask, hand sanitizers etc), ensuring cleanliness of worksites and dormitories (routine disinfection) and etc., resulted in extra overheads.

Gross Profit and Gross Profit Margin

The gross loss of the Group for the year ended 31 December 2020 amounted to approximately S$2.6 million, representing a decrease of approximately 115.9% as compared to a gross profit of approximately S$16.2 million for the year ended 31 December 2019, which was driven by the decrease in revenue and increase in cost of sales for the same period. The Group recorded negative gross profit margin of approximately 4.0% for the year ended 31 December 2020 as compared to a gross profit margin of 21.2% for the year ended 31 December 2019 which was mainly due to additional cost incurred as more supplied labor and subcontractors were engaged to complete the projects within the new stipulated timeline and enhanced work safety measures imposed at work sites for preventing COVID-19, which resulted in a significant drop in the gross profit margin for the year ended 31 December 2020.

Other Income

Other income mainly included income from (i) interest income from bank; (ii) government grants; and (iii) sundry income. During the year ended 31 December 2020, other income amounted to approximately S$2.3 million compared to approximately S$21,000 for the year ended 31 December 2019. This is mainly due to the additional grants of approximately S$2.3 million given by the Singapore government to support firms affected by COVID-19.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 December 2020 amounted to approximately S$11.0 million as compared to S$9.8 million for year ended 31 December 2019 mainly due to post-listing expenses incurred by the Company and provision of legal and professional expenses for resumption.

Finance Costs

Finance costs for the year ended 31 December 2020 was approximately S$403,000 (2019: S$399,000) which represents interest on lease liabilities, trade financing and loans. The interest has increased due to additional leases and a S$5 million temporary bridging loan taken up during the year ended 31 December 2020.

Income Tax (Credit)/Expense

The Group's income tax expense decreased to approximately S$0.1 million credit for the year ended 31 December 2020 from approximately S$1.4 million for the year ended 31 December 2019. Such decrease was in line with the decreased in profit as the Company has ceased operation for 5 months due to COVID-19 measures.

Net (Loss)/Profit

Profit attributable to owners of the Company for the year ended 31 December 2020 decreased by approximately S$20.6 million from approximately S$4.6 million for the year ended 31 December 2019 to a net loss of approximately S$15.9 million for the year ended 31 December 2020. Excluding the listing expenses of approximately S$2.2 million and S$1.4 million for the years ended 31 December 2019 and 31 December 2020 respectively, the profit before income tax for the year ended 31 December 2019 of the Group was approximately S$8.3 million and loss before income tax was approximately S$14.6 million for the year ended 31 December 2020.

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: nil).

Liquidity, Financial Resources and Capital Structure

The Company's shares were successfully listed on the Main Board of the Stock Exchange on 7 May 2020 and there has been no change in capital structure of the Group since then. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations and net proceeds from the Share Offer.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in SGD, is generally deposited with certain financial institutions.

As at 31 December 2020, the Group had total cash and bank balances of approximately S$17.1 million as compared to approximately S$2.6 million as at 31 December 2019 and bank borrowings of approximately S$14.1 million as at 31 December 2020 compared to S$5.3 million as at 31 December 2019.

Pledge of Assets

Other than the building included in property, plant and equipment and pledged fixed deposits, the Group did not pledge any assets to secure any banking facilities or bank loans during the years ended 31 December 2020 and 31 December 2019.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities denominated in a currency that is not the entity's functional currency. The Group has no significant foreign exchange risk as the Group mainly operates in Singapore with majority of the transactions settled in SGD.

Gearing Ratio

Gearing ratio is calculated by dividing all interest-bearing borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 December 2020 was 110.8% (2019: 48.7%).

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

Apart from the reorganisation in relation to the listing of the Company's shares (as set out under the section headed "History, Reorganisation and Group Structure" of the prospectus of the Company dated 21 April 2020 (the "**Prospectus**")), there were no significant investments held, material acquisitions or disposals of subsidiaries and associated companies by the Group during the year ended 31 December 2020. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 December 2020.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus, the Group did not have other future plans for material investments or capital assets as at 31 December 2020.

Employees and Remuneration Policy

As at 31 December 2020, the Group had a total of 418 employees (2019: 346 employees), including executive Directors. Total staff costs including Directors' emoluments for the year ended 31 December 2020 amounted to approximately S$11.9 million (2019: approximately S$13.5 million), salaries, wages and other staff benefits, contributions and retirement schemes. In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefits levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and experience, responsibility, workload and time devoted to the Company, and approved by the Board.

Environmental Policies and Performance

Details of environmental policies, performance and compliance with laws and regulations are set out in the "Environmental, Social and Governance Report" in the 2020 annual report.

Contingent Liabilities

As at 31 December 2020, the Group had performance bonds of approximately S$5.4 million (2019: S$5.5 million) given in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and the customers. The performance guarantees will be released upon completion of the contracts.

Capital Expenditures and Capital Commitments

During the year ended 31 December 2020, the Group acquired items of property, plant and equipment of approximately S$573,000 (2019: S$68,000).

As at 31 December 2020, the Group had no material capital commitments.

Use of Net Proceeds from the Share Offer

The net proceeds from the Share Offer were approximately HK$69.9 million (equivalent to approximately S$13.0 million) (after deducting listing expenses). As disclosed in the announcement of the Company dated 18 February 2022, as impacted by the prolonged COVID-19 pandemic, the Board considered that the execution of the Group's expansion plan of acquiring a design company and expanding the Group's premises would not be the best timing for the Group in short run and the Board has resolved to re-allocate HK$16.2 million (equivalent to approximately S$3.0 million) to reinforce its capital base for projects' funding needs. For details, please refer to the Company's announcement dated 18 February 2022. An analysis of the utilisation of the revised allocation of the net proceeds from the Share Offer from the Listing Date up to 31 December 2020 is set out below:

Purpose	Revised allocation of the net proceeds as disclosed in the announcement of the Company dated 18 February 2022	Approximate percentage of the total net proceeds	Approximate actual amount utilised as at 31 December 2020	Unused amount of net proceeds as at 31 December 2020	Expected date to fully utilised the unutilised amount
	S$ million		S$ million	S$ million	
Extending our service scope to include MEP services	4.2	32.3%	0.8	3.4	30 June 2023
Expanding the Group's premises for its various operational needs	2.2	16.9%	0.4	1.8	31 December 2023
Acquisition of a Singapore based design company	—	—	—	—	N/A
Enhancing our information technology capacity and project implementation efficiency	1.2	9.2%	0.2	1.0	31 December 2022
Financing additional machinery and equipment	0.7	5.4%	0.3	0.4	31 December 2023
General working capital	4.7	36.2%	1.2	3.5	31 December 2023
	13.0	100.0%	2.9	10.1	

During the period from the Listing Date to 31 December 2020, the Group has utilised approximately S$2.9 million, which is in line with the purposes shown above.

As at 31 December 2020, the unused amount of net proceeds was placed in licensed banks in Hong Kong and Singapore.

ADDITIONAL INFORMATION REGARDING THE DISCLAIMER OF AUDIT OPINION

As disclosed in the paragraph headed "Basis for Disclaimer of Opinion" (the "**Audit Qualification**") in the Independent Auditors' Report, Moore Stephens CPA Limited ("**Moore Stephens**") does not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2020.

The matters which gave rise to such disclaimer of opinion related to (1) scope limitations concerning the Group's prepayment; and (2) scope limitation on fair value measurement of the financial assets at fair value through profit or loss.

The Audit Committee has reviewed and agreed with the Audit Qualification. At the Board meeting held immediately after the meeting of the Audit Committee held on 27 May 2022, the Audit Committee reported to and discussed with the Board on the Audit Qualification. The Board provided response to the Audit Qualification and the Audit Committee concurred with the management. The management and the Audit Committee have the following opinions on the matters which gave rise to the disclaimer of opinion for the year ended 31 December 2020.

(1) Scope limitations concerning the Group's prepayment

As disclosed in the Independent Auditor's Report, the auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves regarding the commercial substance and nature of the Transactions and the reasons why the Group entering into the agreements relating to the Transactions. The Group had recognised a loss on these prepayments amounting to approximately HK$24,250,000 (equivalent to approximately S$4,420,000) for the year ended 31 December 2020 because the Directors believed that the amounts were irrecoverable.

With regard to the Transactions, the Company established an independent board committee (the "**IBC**") comprising 3 independent non-executive Directors on 23 March 2021 and engaged Wellington Legal with the purposes of investigating (i) the Transactions and (ii) identifying if there are any other similar fund transfer arrangements (the "**Independent Investigation**") with effect from 30 April 2021. The IBC also engaged an internal control consulting firm (the "**Internal Control Adviser**") to assess and conduct a review of the internal control systems and procedures of the Group and selected subsidiary of the Company, and to make recommendations accordingly (the "**Internal Control Review**"). Key findings of the Independent Investigation and the Internal Control Review are summarised in the announcement of the Company dated 2 March 2022 and 6 May 2022 respectively.

The management, the IBC and the Audit Committee have reviewed the reports prepared by Wellington Legal and the Internal Control Adviser. They concluded that the Transactions were made with the intention to pursue business opportunities for the Group. The management has taken up the recommendations from the Internal Control Adviser to remedy the internal control system and procedures in order to avoid any future situations. The IBC and the Audit Committee are of the view that this Audit Qualification have been duly dealt with given that:

(i) In view of the significant uncertainty on the recoverability of the prepayments, the management is of the view that it is prudent to make full impairment on the prepayment of approximately HK$24,250,000 (equivalent to approximately S$4,420,000) for the year ended 31 December 2020.

(ii) the Company has put in the place adequate internal control system and procedures as recommended by the Internal Control Adviser.

In the above circumstances, the full impairment losses have been made in the year ended 31 December 2020 in respect of the prepayment paid to the service providers due to their recoverable amounts were in doubt, and hence the Company expects that disclaimer relating to the audit opinion on this issue will be removed in the next year's audit except for the effect on comparability of corresponding figures.

(2) Scope limitation on fair value measurement of the financial assets at fair value through profit or loss

Subsequent to the end of the reporting period, as disclosed in the announcement on disclosable transaction of discretionary investment management agreement and disposal of investment dated 8 July 2021, Ngai Chin had terminated the investment management agreement with effect from 30 June 2021, and an amount of approximately S$1,652,971.70 (equivalent to approximately HK$9,571,405.31) was returned to Ngai Chin as a result.

As the investment is disposed in 2021, the Company expects that the disclaimer relating to the audit opinion on this issue will be removed in the next year's audit except for the effect on comparability of corresponding figures.

Based on the above, the Board is of the view that the issues giving rise to the incidents have no carried forward effect on the Group's consolidated financial statements for the year ended 31 December 2021 and that any modified opinion in the forthcoming year should only be related to the comparability of 2020 figures in the consolidated financial statements for the year ended 31 December 2021.

The Audit Committee agreed with the findings of the investigation team and the implementation of reinforcement measures on internal control to prevent the recurrence of similar events in future. After considering the reasons stated above (the "**Reasons**"), the Audit Committee concurs with the views of the Board that the incident should not have any continuing effect on the Group's consolidated financial statements in the coming financial year end and that any modified opinion in the forthcoming year should only be related to the comparability of 2020 figures in the consolidated financial statements for the year ended 31 December 2021.

The Board had obtained the understanding from the auditor that the Company considers itself to have addressed the issues giving rise to the disclaimer of opinion in the consolidated financial statements for the year ended 31 December 2020. In light of the Reasons and barring any unforeseeable circumstances, the auditor views that the disclaimer of opinion in respect of the same issues should no longer recur for the year ended 31 December 2021 except for the qualification of the effects on comparability of corresponding figures in prior year.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

There are six members in the Board and three members in our senior management. Their biographies up to the date of this report are set out below:

DIRECTORS

Executive Directors

Mr. Chua Boon Par ("Mr. Chua"), aged 62, was appointed as our Director on 7 January 2019 and redesignated as an executive Director, chairman and chief executive officer of our Company on 25 March 2019. He has been with our Group since September 1986 and has been the Managing Director of our Group since January 2011. Mr. Chua has over three decades of experience in the interior fitting-out industry and is responsible for overseeing all day-to-day management, corporate strategies and business development and operations of our Group. Mr. Chua is currently a director of our subsidiaries, namely Flourishing Honour Limited and Ngai Chin Construction Pte. Ltd.

Mr. Chua joined our Group in September 1986 as a project coordinator where he was responsible for assisting the project director for on-site supervision and monitoring work-in-progress. He rose through the ranks over the next 25 years to become quantity surveyor in March 1988 where he was responsible for quantity surveying works, to contract manager in January 1995 where he assisted in the tendering of projects and negotiation of contracts, to contract director in June 1997 where he was managing the tendering of projects and negotiation of contracts, and finally to Managing Director in January 2011. Mr. Chua obtained a diploma in construction from the Singapore Institute of Building Limited in June 1998 and a certificate from the British Institute of Engineering Technology for the completion of its long-distance course in Society of Engineers (Civil Engineering) in September 1992.

Mr. Ding Hing Hui ("Mr. Ding"), aged 52, was appointed as our Director on 7 January 2019 and re-designated as an executive Director on 25 March 2019. Mr. Ding has been with our Group since July 1996 and has been the operation director of our Group since January 2011. He currently leads a team of over 250 staff including project associates, project managers, construction managers, project support team, project administration, site supervisors, safety/security team, general/painter team as well as the recently set up Malaysia Production Team. Mr. Ding oversees the day-to-day operations including but not limited to manpower planning, technical solutions, strategies planning and value engineering. He also strategizes new project approach, value engineering and methodology as well as implements construction activities and project schedules to improve the project team to work effectively. Mr. Ding monitors and ensures good QA/QC, SMM and WSH to achieve good project delivery to our customers. Mr. Ding is currently a director of our subsidiaries, namely Flourishing Honour Limited and Ngai Chin Construction Pte. Ltd..

Mr. Ding joined our Group in July 1996 as a site supervisor where he was responsible for on-site supervision and was promoted to operation director in January 2011. Mr. Ding obtained a diploma in electronics engineering from the French-Singapore Institute in July 1992 and a certificate in construction productivity management from the Building and Construction Authority in June 2014. He completed the bizSAFE Level 1 course in April 2008, bizSAFE Level 2 course in September 2012 and Post COVID-19 Restart Course for Safe Management Officer in July 2020.

Mr. Leong Wai Kit (alias: Liang Weijie) ("Mr. Leong"), aged 48, was appointed as our Director on 7 January 2019 and re-designated as an executive Director on 25 March 2019. Mr. Leong has been with our Group since October 2002 and has been the production director of our Group since January 2011. He is responsible for the procurement and sourcing of materials and hardware for our Group. Mr. Leong supports all custom-built furniture for all projects, handles all manpower allocation for the production team, negotiates costs with sub-contractors as well as controls and plans the job schedule for the four production teams of our Group. Mr. Leong started his career when he joined our Group as a project supervisor in July 1999. In October 2002, he rejoined the Group as an assistant project manager to manage the project team and was promoted to production director in January 2011. On 25 February 2022, Mr. Leong had resigned his position as production director to peruse his other interest. Mr. Leong is currently a director of our subsidiaries, namely Flourishing Honour Limited. Mr. Leong obtained a diploma in Marine Engineering from Singapore Polytechnic in May 1996.

Independent Non-Executive Directors

Mr. Chia Kok Seng ("Mr. Chia"), aged 58, was appointed as our independent non-executive Director on 30 March 2020. He is currently a partner of a Singapore law firm, KSCGP JURIS LLP (formerly known as K S Chia Gurdeep & Param). Mr. Chia has been in legal practice since 1991, with three decades of experience in the practice areas of corporate and commercial law, including but not limited to alternative dispute resolution, bankruptcy and insolvency, building and construction claims, civil and commercial litigation, as well as criminal law, estate, family and matrimonial law, immigration and employment law, probate and administration as well as trusts. He founded KSCGP JURIS LLP in 1993 with other two founders and had been the firm's managing partner until 2016. Under his leadership, Mr. Chia grew the law firm from a start-up with three lawyers to a firm with more than 10 lawyers. He is also the legal advisor to local and foreign companies in Singapore.

Mr. Chia obtained a degree of bachelor of laws with honours from the National University of Singapore in July 1990. He is an advocate and solicitor of the Supreme Court of Singapore and has been in practice since March 1991.

Mr. Gay Soon Watt ("Mr. Gay"), aged 67, was appointed as our independent non-executive Director on 30 March 2020. Until December 2017, Mr. Gay was the deputy chairman of Goodrich Global Holdings Pte. Ltd. and its subsidiary, Goodrich Global Pte. Ltd. ("**Goodrich Group**"). In March 1983, Mr. Gay co-founded Goodrich Group, which is engaged in the supply and installation of interior furnishings. Over the next 35 years, Mr. Gay grew Goodrich Group from a start-up to become one of the leading interior furnishing players in Asia, with offices in Singapore, Malaysia, India, Indonesia, Thailand, Hong Kong and China. In 2001, Mr. Gay was appointed deputy chairman of Goodrich Group, managing over 120 employees. In 2013, Dymon Asia Private Equity, a Temasek linked company, took a 32.2% stake in Goodrich Group. In December 2017, Mr. Gay sold his 30.7% shareholding in Goodrich Group to a Japanese listed company, Sangetsu Corporation. Currently, Mr. Gay spends his time evaluating private equity investments and mentoring aspiring young entrepreneurs.

Mr. Wong Heung Ming Henry ("Mr. Wong"), aged 52, was appointed as our independent non-executive Director on 30 March 2020. He has also been appointed as the independent non-executive director of Helens International Holdings Company Limited, a company listed on the Main Board on the Stock Exchange (stock code: 9869) , since August 2021. On 26 April 2002 and 18 February 2022, Mr. Wong was also appointed as an independent non-executive director of Ostin Technology Group Co., Ltd. (stock ticker: OST) and Meihua International Medical Technologies Co., Ltd., (stock ticker: MHUA) , both are Nasdaq listed companies.

Prior to that, Mr. Wong is also serving as the independent non-executive director for other companies including TD Holdings, Inc (stock ticker: GLG), a Nasdaq listed company and Shifang Holding Limited (stock code: 1831), a company listed on the Main Board on the Stock Exchange, since 27 April 2021 and 8 November 2010, respectively.

Mr. Wong has more than 28 years of experience in finance, accounting, internal controls and corporate governance in the United States, Singapore, China and Hong Kong. Prior to that, Mr. Wong was the chief financial officer of a Nasdaq listed Company, Meten EdtechX Group Ltd (stock ticker: METX) during May 2020 to March 2021.

Mr. Wong was also the chief financial officer and senior finance executives of various company including being the chief financial officer of the Frontier Services Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0500) and the chief financial officer of Beijing Oriental Yuhong Waterproof Technology Co., Ltd., the leading waterproof materials manufacturer in China and a company listed on the Shenzhen Stock Exchange (stock code: 2271). Mr. Wong has been helping a number of companies listed in the United States and Hong Kong stock exchanges.

Mr. Wong began his career in an international accounting firm and moved along in audit fields by taking some senior positions both in internal and external audits including being a senior manager and a manager in PricewaterhouseCoopers, Beijing office and Deloitte Touche Tohmatsu, Hong Kong, respectively. Mr. Wong graduated from City University of Hong Kong in 1993 with a bachelor's degree in Accountancy and also obtained a master's degree in Electronic Commerce from The Open University of Hong Kong in 2003. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Ms. Cheong Kuei Jung ("Ms. Cheong"), aged 48, is our chief financial officer of our Group. She is responsible for the financial planning, accounting operations and reporting as well as the taxation and internal control systems of our Group.

Ms. Cheong has 20 years of experience in accounting and audit. Ms Cheong worked as the financial controller for Hu An Cable Holdings Limited (stock code: K13), Sincap Group Limited (stock code: 5UN) and Mary Chia Holdings Limited (stock code: 50X) both listed on the Singapore Exchange Limited. She also worked as a group finance manager in Success Resources Pte Ltd and Asia Environment Holdings Limited. Prior to that, she worked with KPMG LLP as a senior assistant and was then promoted to manager and an auditor with BDO International.

Ms. Cheong obtained a bachelor's degree of arts from the National University of Singapore in July 1998. She was admitted as an affiliate, member and fellow of the Association of Chartered Certificate Accountant in August 2000, March 2004 and March 2009, respectively. Ms. Cheong has also been a member of the Institute of Certified Public Accountant of Singapore (non-practicing member) since November 2004 and a member of the Institute of Singapore Chartered Accountants since July 2013.

Mr. Ng Foo Wah (吳富華先生) ("Mr. Ng"), aged 56, is our head of technical support of our Group. He is primarily responsible for project planning and monitoring with an emphasis on technical and soundness and resource efficiency of our Group.

Mr. Ng has over 19 years of experience in project management in the fitting out industry. Mr. Ng joined our Group in November 2000 as an assistant project manager and was promoted to technical director in January 2011. He is currently responsible for overseeing each project life cycle from conception to completion with an emphasis on technical and soundness and resources efficiency. He also meets with clients to refine and evaluate requirements, strategy and content needs.

Mr. Ng started his career in January 1990 and was an assistant project manager at Kwong Fook Seng Building Contractor where his role was to build shop houses in Brunei until April 1990. Between March 1995 and July 1995, Mr. Ng was the owner and project coordinator of Cavi Construction.

Mr. Low Lek Hee (盧立喜先生) ("Mr. Low"), aged 55, is the general manager of our Group and has been with our Group since November 1994.

Mr. Low has over 20 years of administrative experience in the interior fitting-out industry. Mr. Low started his career when he joined our Group in November 1994 as an account and human resources assistant and left our Group in January 1995 to pursue further studies in Australia. He rejoined our Group in July 1998 as general manager and is responsible for human resources and administrative matters of our Group. In this role, Mr. Low drives and implements human resources strategies and initiatives, works closely with department heads and is responsible for management of both operational and business-related human resources matters.

Mr. Low obtained an associate diploma of business in marketing from Holmsglen Institute of Tafe in Australia in June 1998.

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

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

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Company has devised its own code of corporate governance based on the principles and practices as set out in the CG Code.

In the opinion of the Directors, throughout the period from the date of listing of the Company's shares on the Main Board on the Stock Exchange (the "**Main Board**") on 7 May 2020 to 31 December 2020, the Company has complied with all the code provisions as set out in the CG Code, except as disclosed in this Corporate Governance Report.

The Company has also put in place certain recommended best practices as set out in the CG Code.

DIRECTORS' AND RELEVANT PERSONS' SECURITIES TRANSACTIONS

The Company devised its own Code of Ethics and Securities Transactions regarding the code of conduct of Directors and relevant person (who are likely to be in possession of unpublished price-sensitive information of the Company) on dealings in the securities of the Company and its listed principal subsidiaries (the "**Company's Code**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Code throughout the period from the Listing Date to 31 December 2020.

No incident of non-compliance of the Company's Code by the relevant persons of the Company was noted by the Company during the period from the Listing Date to 31 December 2020.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

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

Board Composition

The composition of the Board is as follows:

Executive Directors
Mr. Chua Boon Par *(Chairman and Chief Executive Officer)*
Mr. Ding Hing Hui
Mr. Leong Wai Kit

Independent Non-Executive Directors
Mr. Chia Kok Seng *(appointed on 30 March 2020)*
Mr. Gay Soon Watt *(appointed on 30 March 2020)*
Mr. Wong Heung Ming Henry *(appointed on 30 March 2020)*

The biographical information of the Directors are set out in the section headed "Biography of Directors and Senior Management" on pages 14 to 16 of this report.

None of the members of the Board is related to one another.

Board Meetings

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

As the Company was listed on 7 May 2020, the Board held three meetings during the year ended 31 December 2020. The attendance records of the Board are set out under "Attendance Records of Directors and Committee Members" of this report.

Apart from regular Board meetings, the Chairman also held one meeting with independent non-executive Directors without the presence of other Directors during the year.

Chairman and Chief Executives

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The positions of Chairman and Chief Executive Officer are held by Mr. Chua Boon Par. Throughout our business history, Mr. Chua has held the key leadership position of our Group and has been deeply involved in the formulation of corporate strategies, management of the business and operations of our Group. Taking into account the continuation of the implementation of our business plans, our Directors, including our independent non-executive Directors, consider that Mr. Chua is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Group and Shareholders as a whole.

Independent Non-Executive Directors

During the period from the Listing Date to 31 December 2020, the Board at all times exceeds the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing more than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Code Provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas Code Provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment. The retiring Directors shall be eligible for re-election.

Each of the executive Directors, Mr. Chua Boon Par, Mr. Ding Hing Hui and Mr. Leong Wai Kit, has entered into a service contract with the Company for a term of three years commencing from the Listing date and shall continue thereafter, which maybe terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors, Mr. Chia Kok Seng, Mr. Gay Soon Watt and Mr. Wong Heung Ming Henry, has entered into a letter of appointment with the Company for a term of one year commencing from the Listing Date, and renewable automatically for successive terms of one year after the expiry of the then current term, which may be terminated by not less than one month's notice in writing served by either party on the other.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

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

The Directors shall disclose to the Company details of other offices held by them and the Board should regularly review the contribution required from each Director to perform his/her responsibilities to the Company.

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

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

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

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Reading material on relevant topics would be provided to Directors.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2020, relevant reading materials including compliance manual, legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended 31 December 2020 have been provided to the Company and are summarised as follows:

Directors	Type of Training[Note]
Executive Directors	
Mr. Chua Boon Par	A & B
Mr. Ding Hing Hui	A & B
Mr. Leong Wai Kit	A & B
Independent Non-Executive Directors	
Mr. Chia Kok Seng	B
Mr. Gay Soon Watt	B
Mr. Wong Heung Ming Henry	A & B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

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

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

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wong Heung Ming Henry, Mr. Chia Kok Seng and Mr. Gay Soon Watt. Mr. Wong Heung Ming Henry is the chairman of the Audit Committee. At least one of the committee members possesses appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules and none of the committee members is a former partner of or has any financial interest in the Company's existing external auditors within two years before his/her appointment as a member of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment and renewal of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2020, the Audit Committee held two meetings to review, in respect of the year ended 31 December 2020, the interim financial results and reports and significant issues on the financial reporting, engagement of internal auditor and relevant scope of works, reports on risk management and internal audit function, audit plan and remuneration of external auditor and arrangements for employees to raise concerns about possible improprieties. The attendance records of the Audit Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Gay Soon Watt, Mr. Chia Kok Seng and Mr. Wong Heung Ming Henry. Mr. Gay Soon Watt is the chairman of the Remuneration Committee.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the year ended 31 December 2020, the Remuneration Committee met once to review and make recommendation to the Board on the remuneration policy and the remuneration packages of executive Directors, independent non-executive Directors and senior management. The attendance records of the Remuneration Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

Details of the remuneration of the senior management by band are set out below:

	2020 Number of individuals
HK$500,001 to HK$1,000,000	2
HK$1,500,001 to HK$2,000,000	3
HK$2,000,001 to HK$2,500,000	1

Exchange rate for HK$/S$: 5.7

Nomination Committee

The Nomination Committee consists of three independent non-executive Directors, namely Mr. Chia Kok Seng, Mr. Gay Soon Watt and Mr. Wong Heung Ming Henry. Mr. Chia Kok Seng is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the structure, size and composition (including without limitation, gender, age, cultural and educational background, skills, knowledge, professional qualifications and industry experience) of the Board, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2020, the Nomination Committee met once to review the structure, size and composition of the Board and the Board Diversity Policy of the Company. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and will continue to achieve the measurable objective to implement the Board diversity policy. The attendance records of the Nomination Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings held during the year ended 31 December 2020 is set out in the table below:

	Attendance/Number of Meetings			
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Mr. Chua Boon Par	3/3	—	—	—
Mr. Ding Hing Hui	3/3	—	—	—
Mr. Leong Wai Kit	3/3	—	—	—
Mr. Chia Kok Seng	3/3	2/2	1/1	1/1
Mr. Gay Soon Watt	3/3	2/2	1/1	1/1
Mr. Wong Heung Ming Henry	3/3	2/2	1/1	1/1

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board to enhance corporate governance and the Board effectiveness. The Company sees achieving and maintaining an appropriate balance of diversity perspectives at the Board level as relevant to its business growth and is an essential element in supporting the attainment of its strategic objectives and sustainable development goals.

In designing the Board's composition, Board diversity has been considered from a range of perspectives, including but not limited to gender, age, length of service, cultural and educational background, professional qualifications, skills, knowledge and industry experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and the business needs of the Company from time to time.

Selection of candidates for appointment as Directors will be based on a range of diversity perspectives with reference to the Company's business model and specific needs, 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 Company values gender diversity and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels, to enhance the effectiveness of our corporate governance as a whole. Taking into account of our existing business model and the background and experience of our Directors, the Nomination Committee considered that the composition of the Board satisfies the Board Diversity Policy.

The Company's measurable objective is to achieve not less than one-fifth of the Board comprising of females and not less than one-half of our senior management comprising of females within two years from the Listing Date.

During the period from the Listing Date to 31 December 2020, there is no Board members comprising of females while there is one-third of the senior management comprising of females. The Company has confirmed that the Nomination Committee will, within two years from the Listing Date, identify and recommend one female candidate to the Board for its consideration on her appointment as a Director and continue to apply the principle of appointments based on merit with reference to our Board Diversity Policy as a whole.

Up to the date of this report, the Nomination Committee is in progress of identifying suitable female candidate(s) for appointment to the Board and Senior Management on merit against objective criterias.

The Nomination Committee will review such objective from time to time to ensure its appropriateness and ascertain the progress made towards achieving the objective.

The Nomination Committee will also review the Board Diversity Policy annually, to ensure its effectiveness.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a Director Nomination Policy which sets out the selection criteria, process and procedures for the Nomination Committee to recommend suitable candidates for directorship with a view to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Attributes complementary to the Board;
- Business experience & Board expertise and skills;
- Availability;
- Integrity; and
- Independence.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election and nomination of Directors at general meetings. During the period from the Listing Date to the date of this report, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy periodically in line with the Company's strategy and recommend any proposed changes to the Board for approval, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the period from the Listing Date to the date of this report, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Company has adopted the Corporate Governance Practice Manual which sets out the corporate governance standards and practices used by the Company to direct and manage its business and affairs. The Board will review the Corporate Governance Practice Manual, as appropriate, with a view to continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company is aiming to develop a good risk management and internal control system for managing operational and financial risks. The Board acknowledges its responsibility for maintaining sound and effective risk management and internal control systems in order to safeguard the interests of the shareholders and the assets of the Company against unauthorised 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 Board oversees the overall risk management of the Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The Board is responsible for reviewing the effectiveness and adequacy of the Group's risk management and internal control systems annually.

The Company has established a Risk Management Policy for the Group setting out the process of identification, evaluation and management of the principal risks affecting the business. Each division is responsible for identifying, assessing and managing risks within its divisions, as well as identifying and assessing the principal risks on a quarterly basis with mitigation plans to manage those risks. The management is responsible for overseeing the risk management and internal control activities of the Group, and for convening quarterly meetings with each division to ensure principal risks are properly managed and new or changing risks are identified and documented. The main features of the risk management and internal control systems together with the Risk Management Policy, risk register and an implementation framework, are to allow the Audit Committee and the Board to have a better overview of the Group's major business risks and how the Group's management had sought to monitor and mitigate them. The risk management framework, coupled with the Group's internal controls, ensures that the risks associated with different divisions are effectively controlled in line with the Group's risk appetite. The risk assessment report will be submitted to the Audit Committee and the Board for reviewing the effectiveness of the risk management and internal control systems and resolving any material internal control defects on an annual basis. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has adopted a Whistleblowing Policy to facilitate employees of the Group to raise, in confidence, concerns about possible improprieties in the practices and procedures, including financial reporting, internal control and other matters.

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

During the year ended 31 December 2020, the Board reviewed the effectiveness of the Group's risk management and internal control systems and considered the Group's risk management and internal control systems to be effective and adequate.

The Group does not have an internal audit function within the Group. The Company engaged an external consultant, Baker Tilly Consultancy (Singapore) Pte. Ltd., to carry out internal audit function and had during the year ended 31 December 2020 conducted review of the effectiveness of the Group's risk management and internal control systems. The internal control review report was submitted to the Audit Committee and the Board for review. The Audit Committee has requested the management to follow up the recommendations of the external consultant to remedy the control issues identified or to further improve the internal control system of the Group.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2020.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 72 to 76.

There is no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditor in respect of audit services for the year ended 31 December 2020 amounted to HK$2,666,050.

An analysis of the remuneration paid to the former and current external auditor of the Company, PricewaterhouseCoopers and Moore Stephens, in respect of audit services and non-audit services for the year ended 31 December 2020 is set out below:

Service Category	Fees Paid/Payable
Audit Services	
— PricewaterhouseCoopers	HK$1,070,050
— Moore Stephens	HK$1,596,000
	HK$2,666,050

COMPANY SECRETARY

Ms. Lam Wing Chi ("**Ms. Lam**") from Tricor Services Limited, being an external service provider, is acting as the company secretary of the Company.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Cheong Kuei Jung, the Chief Financial Officer of the Group, has been designated as the primary contact person at the Company which would work and communicate with Ms. Lam on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2020, Ms. Lam has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

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

Putting Forward Proposals at General Meetings

Any Shareholder who wishes to put forward proposals at a general meeting of the Company shall submit such proposals to the Board in writing for the Board's consideration either via mail to the Company's principal place of business in Hong Kong or via email not less than 15 business days prior to the date of the general meeting. The mail address and email address are set out in the subsection headed "Contact Details" below.

Putting Forward Enquiries to the Board

For enquiries about shareholdings, Shareholders shall direct their enquiries to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, and the contact details are set out as follows:

Address: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Telephone: (852) 2980 1333
Email: is-enquiries@hk.tricorglobal.com

Shareholders may also make enquires via the online holding enquiry service at www.tricoris.com.

For enquiries about corporate governance or other matters to be brought to the attention of the Board, Shareholders shall send their written enquiries to the Company either via mail to the Company's principal place of business in Hong Kong or via email/fax. The details are set out in the subsection headed "Contact Details" below.

Contact Details

Shareholders can send their proposals and enquiries as mentioned above to the Company as follows:

Address:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (For the attention of Company Secretary)
Telephone:	(852) 2980 1305
Fax:	(852) 2262 7701
Email:	charlotte.lam@hk.tricorglobal.com

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

The Company will normally not deal with verbal or anonymous enquiries.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

The Company did not hold annual general meeting or other general meetings during the year ended 31 December 2020 since it was listed on 7 May 2020.

To promote effective communication, the Company maintains a website at http://rafflesinterior.com where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted.

The Company has adopted an amended and restated Memorandum and Articles of Association by a special resolution passed on 30 March 2020 and with effect from 30 March 2020. An up to date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website. Save as disclosed above, there was no change in the constitutional documents of the Company for the period from the Listing Date to 31 December 2020.

Policies relating to Shareholders

The Company has in place a Communication Policy for Shareholders and External Parties to ensure that Shareholders' and external parties' views and concerns are appropriately addressed. The policy is regularly reviewed by the Board to ensure its effectiveness.

The Company has adopted a Dividend Policy on frequency, amount and form of payment of dividends and is available on the website of the Company. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

The dividend payout ratio will vary from year to year. The level of dividend payout is expected to be not less than 35% of the retained earnings before dividend declared but subject to, among other things, our operational needs, earnings, financial condition, working capital requirements and future business plans as the Board may deem relevant at such time. There is no assurance that dividends will be paid in any particular amount for any given period.

REPORT OF DIRECTORS

The Directors are pleased to present their first annual report together with the audited consolidated financial statements of the Group for year ended 31 December 2020 (the "**Financial Statements**").

The Company was incorporated in the Cayman Islands on 7 January 2019. The Company completed the corporate reorganisation (the "**Reorganisation**") on 30 March 2020 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising the Group.

Details of the Reorganisation are set out in the section headed "History, Development and Group Reorganisation" in the Prospectus dated 21 April 2020 has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rafflesinterior.com). The Shares were listed on the Main Board of the Stock Exchange on 7 May 2020 by way of share offer.

PRINCIPAL PLACE OF BUSINESS

The headquarters and principal place of business of the Company is located at 59 Sungei Kadut Loop, Singapore 729490.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its operating subsidiary, Ngai Chin Construction Pte Ltd, are provision of interior fitting-out service. The principal activities of the subsidiaries of the Group are set out in note 33 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2020.

RESULTS/BUSINESS REVIEW

The results of the Group for the year ended 31 December 2020 are set out in the Financial Statements in this annual report. A review of the business of the Group for the year ended 31 December 2020, which includes a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators of the Group's business, particulars of important events affecting the Group, an indication of likely future developments in the Group's business, and discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Environmental, Social and Governance Report" and Financial Statements of this annual report. The review forms part of this report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2020, as far as the Directors are aware, the Company did not have any non-compliance with relevant laws and regulations that is material or systemic in nature.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2020 are set out in note 16 to the Financial Statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries during the year ended 31 December 2020 are set out in note 33 to the Financial Statements.

KEY RISK AND UNCERTAINTY

The principal risks and uncertainties facing the Group are set out in the sections headed "Management Discussion and Analysis" and "Environmental, Social and Governance Report" of this annual report. The financial risk is set out in note 29 to the Financial Statements.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last four financial years is set out on page 142 of this annual report. This summary does not form part of the Financial Statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 23 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2020 are set out in the "Consolidated Statement of Changes in Equity" on page 80 of this annual report. As at 31 December 2020, the Group has no reserves available for distribution (2019: approximately S$10.9 million).

DONATIONS

During the period from the Listing Date to 31 December 2020, the Group made charitable and other donations totalling HK$9,120.

DIRECTORS

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

Executive Directors:

Mr. Chua Boon Par *(Chairman and Chief Executive Officer)*
Mr. Ding Hing Hui
Mr. Leong Wai Kit (Liang Weijie)

Independent Non-executive Directors:

Mr. Chia Kok Seng *(appointed on 30 March 2020)*
Mr. Gay Soon Watt *(appointed on 30 March 2020)*
Mr. Wong Heung Ming Henry *(appointed on 30 March 2020)*

In accordance with articles 83(3) and 84 of the Articles of Association of the Company, Mr. Chua Boon Par, Mr. Ding Hing Hui, Mr. Leong Wai Kit and Mr. Wong Heung Ming Henry will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming 2021 annual general meeting.

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

Biographical information of the directors of the Company and the senior management of the Group are set out on pages 14 to 17 of this annual report.

DIRECTORS' SERVICE CONTRACT AND APPOINTMENT LETTER

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and thereafter will continue year to year subject to retirement and rotation and re-election in accordance with the Articles of Association of the Company, unless terminated by not less than three months' written notice served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date and thereafter shall continue year to year subject to retirement and rotation and re-election in accordance with the Articles of Association of the Company, unless terminated by not less than one month's written notice served by either party on the other.

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2020.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules were as follows:

(a) Long position

Name of Directors	Long/short position	Nature of interest	Number of Shares and underlying Shares held	Percentage of shareholding in the Company
Mr. Chua Boon Par	Long	Interest in controlled corporation	750,000,000	75%
Mr. Ding Hing Hui	Long	Interest in controlled corporation	750,000,000	75%
Mr. Leong Wai Kit	Long	Interest in controlled corporation	750,000,000	75%

Ultimate Global Enterprises Limited ("**Ultimate Global**") is legally and beneficially owned by the ultimate shareholders, namely, Mr. Lo Lek Chew, Mr. Chua Boon Par, Mr. Ding Hing Hui, Mr. Leong Wai Kit, Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah, each holding an effective interest of 33%, 15%, 12%, 10%, 10%, 10% and 10% respectively (collectively, the "**Ultimate Shareholders**"). Accordingly, by virtue of the SFO, Mr. Chua Boon Par, Mr. Ding Hing Hui and Mr. Leong Wai Kit are deemed to be interested in the Shares held by Ultimate Global.

(b) Interest in the shares of associated corporations

Name of Director	Long/short position	Name of associated corporation	Nature of interest	Number of Shares held/ interested in	Percentage of shareholding interest
Mr. Chua Boon Par	Long	Ultimate Global	Beneficial Owner	15	15%
Mr. Ding Hing Hui	Long	Ultimate Global	Beneficial Owner	12	12%
Mr. Leong Wai Kit	Long	Ultimate Global	Beneficial Owner	10	10%

Note: Ultimate Global is the direct shareholder of the Company and is an associated corporation within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2020, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name of substantial shareholder	Long/Short position	Nature of interest	No of Shares and underlying shares held	Percentage of shareholding in the Company
Ultimate Global Enterprises Limited (Note 1)	Long	Beneficial Owner	750,000,000	75%
Mr. Lo Lek Chew (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Chua Boon Par (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Ding Hing Hui (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Leong Wai Kit (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Ng Foo Wah (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Low Lek Hee (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Mr. Low Lek Huat (Note 1)	Long	Interest in controlled corporation	750,000,000	75%
Ms. Ong Poh Eng (Note 2)	Long	Interest of spouse	750,000,000	75%

Name of substantial shareholder	Long/Short position	Nature of interest	No of Shares and underlying shares held	Percentage of shareholding in the Company
Ms Neo Bee Ling, Pauline (Note 3)	Long	Interest of spouse	750,000,000	75%
Ms. Loke Yoke Mei (Note 4)	Long	Interest of spouse	750,000,000	75%
Ms. Lee Ling Wei (Note 5)	Long	Interest of spouse	750,000,000	75%
Ms. Sng Siew Luan, Emily (Note 6)	Long	Interest of spouse	750,000,000	75%
Ms. Lim Bee Peng (Note 7)	Long	Interest of spouse	750,000,000	75%
Ms. Pan LuLu (Note 8)	Long	Interest of spouse	750,000,000	75%

Note 1: Ultimate Global is the direct shareholder of the Company. Ultimate Global is legally and beneficially owned by the Ultimate Shareholders, namely, Mr. Lo Lek Chew, Mr. Chua Boon Par, Mr. Ding Hing Hui, Mr. Leong Wai Kit, Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah, each holding an effective interest of 33%, 15%, 12%, 10%, 10%, 10% and 10% respectively. Accordingly, by virtue of the SFO, Mr. Lo Lek Chew, Mr. Chua Boon Par, Mr. Ding Hing Hui, Mr. Leong Wai Kit, Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah are deemed to be interested in the Shares held by Ultimate Global.

Note 2: Ms. Ong Poh Eng is the spouse of Mr. Lo Lek Chew. Accordingly, Ms. Ong Poh Eng is deemed or taken to be interested in the shares in which Mr. Lo Lek Chew is interested in under the SFO.

Note 3: Ms. Neo Bee Ling, Pauline is the spouse of Mr. Chua Boon Par. Accordingly, Ms. Neo Bee Ling, Pauline is deemed or taken to be interested in the shares in which Mr. Chua Boon Par is interested in under the SFO.

Note 4: Ms. Loke Yoke Mei is the spouse of Mr. Ding Hing Hui. Accordingly, Ms. Loke Yoke Mei is deemed or taken to be interested in the shares in which Mr. Ding Hing Hui is interested in under the SFO.

Note 5: Ms. Lee Ling Wei is the spouse of Mr. Leong Wai Kit. Accordingly, Ms. Lee Ling Wei is deemed or taken to be interested in the shares in which Mr. Leong Wai Kit is interested in under the SFO.

Note 6: Ms. Sng Siew Luan, Emily is the spouse of Mr. Ng Foo Wah. Accordingly, Ms. Sng Siew Luan, Emily is deemed or taken to be interested in the shares in which Mr. Ng Foo Wah is interested in under the SFO.

Note 7: Ms. Lim Bee Peng is the spouse of Mr. Low Lek Hee. Accordingly, Ms. Lim Bee Peng is deemed or taken to be interested in the shares in which Mr. Low Lek Hee is interested in under the SFO.

Note 8: Ms. Pan LuLu is the spouse of Mr. Low Lek Huat and Accordingly, Ms. Pan LuLu is deemed or taken to be interested in the shares in which Mr. Low Lek Huat is interested in under the SFO.

Save as disclosed above, as at 31 December 2020, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALES OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed herein, at no time during the year ended 31 December 2020 was the Company or any of its subsidiaries or a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in note 32 to the Financial Statements, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or its holding company was a party, and in which a Director or an entity connected with a Director had a material interest, directly or indirectly subsisted at the end of the year or at any time during the year ended 31 December 2020.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company or any of their subsidiaries had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2020.

CONNECTED PARTY TRANSACTIONS

During the year ended 31 December 2020, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules. Details of the significant related party transactions undertaken in the normal course of business are set out in the note 32 to the Financial Statements.

COMPETING INTERESTS

The controlling shareholders of the Company, the Directors and their respective close associates confirm that each of them does not have any interest in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the year ended 31 December 2020.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Kingsway Capital Limited ("**Kingsway**"), as at 31 December 2020, except for the compliance adviser agreement entered into between the Company and Kingsway dated 7 May 2020, none of Kingsway, its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, every Director or other officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 30 March 2020. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest. All employees, proposed employees (whether full time or part time employees, including Directors) of any member of the Group or any invested entity, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders and participants who has contributed or may contribute by way of the development and growth of the Group or any invested entity are eligible to participate in the Share Option Scheme. The Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 30 March 2020, and there is no outstanding share option as at 31 December 2020.

The maximum number of shares which can be awarded under the Share Option Scheme is 10% (i.e. 100,000,000 Shares) of the Shares in issue as at the Listing Date. Upon acceptance of an offer for grant of option(s) under the Share Option Scheme, the participant shall pay HK$1.00 to our Company by way of consideration for the grant, which option(s) will be offered for acceptance for a period of 21 days from the date of grant.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 30% of the Shares in issue from time to time. As at the date of this report, the total number of Shares available for issue under the Share Option Scheme was 100,000,000 Shares, representing 10% of the issued share capital of the Company.

Unless approved by Shareholders in a general meeting, the amount of Shares which can be awarded to a substantial Shareholder or an independent non-executive Directors or their respective associates in the Share Option Scheme in the 12-month period up to and including the date of such grant for any particular aforementioned person in aggregate, is at maximum 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, of a maximum of HK$5.0 million.

The subscription price for the Shares subject to any particular option granted under the Share Option Scheme shall be such price as determined by our Board in its absolute discretion at the time of the grant of the relevant option but in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant of the option(s), which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option(s); and (iii) the nominal value of a Share on the date of the grant of the option(s).

EQUITY-LINKED AGREEMENTS

Except for the Share Option Scheme disclosed above, no equity-linked agreement subsisted at the end of the year ended 31 December 2020 or was entered into during the year ended 31 December 2020.

CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 15.0% and 45.9% (2019: approximately 10.3% and 29.6%) respectively of the Group's total purchases. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 14.1% and 49.9% (2019: approximately 18.2% and 49.0%) respectively of the Group's total revenue for the year ended 31 December 2020. To the best of the Directors' knowledge, none of the Directors and none of the Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) and none of their respective close associates had any material beneficial interest in the Group's five largest customers or suppliers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

Employees

The Group has maintained good relationship with our employees. The Group offers to our employees' salary, bonuses and other allowances. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions.

Customers

The Group has established stable business relationships with our major customers which include Professional Consultants and multinational corporations. Directors consider that our long-term business relationships with our major customers and suppliers would further enhance our market recognition and enable us to attract more potential business opportunities as all our customers were either our existing customers or referred to us by past customers or Professional Consultants.

Suppliers and Subcontractors

The Group maintains an internal list of approved suppliers. We carefully evaluate the performance of our suppliers and select them based on a number of factors such as pricing, quality of material or equipment provided, timeliness of delivery and ability to comply with our requirements and specifications. The Group will review and update our internal list of approved suppliers according to our assessment of their performance on an ongoing basis.

The Group maintains an internal list of approved subcontractors. We carefully evaluate the performance of our subcontractors and select subcontractors based on their experience relevant to the particular project as well as their availability and fee quotations. The Group will review and update our internal approved list of subcontractors according to our assessment of their performance on an ongoing basis.

The Group is accountable to customers for the works performed in a project, including those carried out by our subcontractors.

RETIREMENT SCHEME

The Group participates in the central provident fund, which is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement. Save as the aforesaid, the Group did not participate in any other pension schemes during the year ended 31 December 2020.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The emoluments of the Directors have been reviewed by the Remuneration Committee, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Details of the emoluments of the Directors and the five highest paid individuals of our Group during the year ended 31 December 2020 and 31 December 2019 are set out in notes 10 and 11 to the Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient minimum public float under the Listing Rules for the year ended 31 December 2020 and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company and there is no restriction against such rights under 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

The Company is not aware of any relief from taxation available to existing Shareholders by reason of their holdings in the Shares.

DIVIDEND POLICY

The Company has adopted a Dividend Policy which sets forth the Company's approach when considering the payment of dividends and to allow Shareholders to participate in the Company's profits whilst retaining adequate reserves for the future growth of the Group and provided that the Group records profits and that the declaration and payment of dividends does not affect the normal operations of the Group.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the actual and expected financial results of the Group; general economic and financial conditions and other internal or external factors that may have an impact on the business or financial performance of the Group; the business strategies, including future commitments and investment needs to sustain the growth of the business; the expansion and acquisition plan of the Group; the current and future operations, liquidity and capital requirements of the Group; statutory and regulatory restrictions; interests of Shareholders as a whole; and any other factors that the Board deems appropriate. The payment of dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rules and regulations and the Articles of Association of the Company. The dividend policy will be reviewed by the Board from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

DIVIDEND

The Board has not declared or paid interim dividends during the year ended 31 December 2020.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: S$Nil).

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 18 to 32 in this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the Financial Statements.

AUDITOR

The consolidated financial statements for the year ended 31 December 2020 have been audited by Moore Stephens CPA Limited who retire and, being eligible, offer themselves for re-appointment.

CHANGE OF AUDITOR

With reference to the announcement of the Company dated 24 May 2021, PricewaterhouseCoopers resigned as the auditor of the Company with effect from 24 May 2021 and Moore Stephens was appointed as the Company's auditor to fill the casual vacancy following the resignation of PricewaterhouseCoopers with effect from 24 May 2021.

ANNUAL GENERAL MEETING

The 2021 annual general meeting of the Company ("**2021 AGM**") will be held on Wednesday, 13 July 2022, and the notice of the 2021 AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Friday, 8 July 2022 to Wednesday, 13 July 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2021 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar 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 Thursday, 7 July 2022.

EVENTS AFTER THE REPORTING PERIOD AND SUSPENSION OF TRADING

Save as disclosed in this report, the announcements (the "**Announcements**") of the Company dated 23 March 2021, 24 March 2021, 31 March 2021, 1 April 2021, 23 April 2021, 26 May 2021, 30 June 2021, 8 July 2021, 10 September 2021, 30 September 2021, 31 December 2021, 18 January 2022, 18 February 2022 and 31 March 2022 in relation to (i) the possible delay in publication of (1) the Group's audited annual results announcement for the year ended 31 December 2020 and (2) the Group's 2021 interim results announcement; (ii) the suspension of trading of its shares; (iii) the resumption guidance set forth by the Stock Exchange; (iv) the appointments of independent adviser and internal control advisor; (v) the quarterly updates of suspension of trading; (vi) the termination of discretionary investment management agreements and disposal of investment; and (vii) change in use of proceeds, the Group had no other significant event requiring disclosure subsequent to 31 December 2020 and up to the date of this announcement.

On behalf of the Board
Chua Boon Par
Chairman, chief executive officer and executive director

Singapore, 27 May 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Group is pleased to present the Environmental, Social and Governance Report (the "**ESG Report**") of the Group for the year ended 31 December 2020 to summarise the Group's policies, measures and performance on key environmental, social and governance ("**ESG**") issues.

Reporting Scope

The ESG Report discloses related policies, initiatives and key performance indicators ("**KPIs**") for our core and material businesses namely (i) project management and construction management; (ii) interior fitting-out services; and (iii) other services which include customising, manufacturing and supply of carpentry, and maintenance services.

Reporting Basis and Principles

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 27 to the Listing Rules.

ESG Working Taskforce

The Group has established the ESG working taskforce (the "**Taskforce**"), which comprises members from various departments. The Taskforce assists in identifying and assessing the Group's ESG risks and the effectiveness of the internal control mechanisms, and collating the relevant information on the ESG aspects to prepare the ESG Report. The Taskforce reports to the Board. The Board sets the general direction for the Group's ESG strategies, ensuring the effectiveness of risks management and internal control mechanisms.

Review and Approval

The Board acknowledges its responsibilities for ensuring the integrity of the ESG Report and to the best of their knowledge, this report addresses all relevant material issues and fairly presents the ESG performance of the Group. The Board confirms that it has reviewed and approved the ESG Report on 27 May 2022.

Feedback

The Group respects all stakeholders' views on the ESG Report and welcome all opinions or suggestions which can be shared with us at nc@ngaichin.com.sg.

BOARD STATEMENT

The Board and Management are pleased to present the ESG Report for the year ended 31 December 2020.

The Group is dedicated to be socially responsible to our stakeholders which include employees, customers, suppliers, shareholders, government and regulatory authorities, environment and local communities. This report demonstrates the key policies and practices to address Environmental, Social and Governance (ESG) opportunities and challenges faced by the Group.

The Group has established an ESG working taskforce to oversee and report to the Board on ESG issues that are relevant to the Group. The Group summarises its initiatives and achievements in embracing sustainability as part of its culture.

We believe that human capital is an essential element towards the Group's progress. Hence, we value the contributions of all employees and remunerate them fairly. We also ensure adequate implementation of safety practices at our workplaces to enhance the safety of our employees.

Since the early part of 2020, major disruptions resulting from the COVID-19 pandemic has, and is continuing to severely impact both personal lives and businesses. Despite the significant challenges posed by the pandemic, the Group continues to navigate through uncertainties to ensure sustainable business development.

As we continue our sustainability journey, performance indicators and targets that are material to our business will be progressively reviewed and updated to be in line with the changes in our operating environment. We seek to strengthen our engagement together with our stakeholders and improve our sustainability efforts and practices, to forge a long-term sustainable business.

Yours faithfully,
For and on behalf of the Board
Mr. Chua Boon Par
Chairman, chief executive officer and executive director

STAKEHOLDER ENGAGEMENT

The Group emphasises the importance of stakeholder engagement as we aim to build a strong, lasting relationships with our stakeholders by understanding their expectations and concerns.

The following table summarises the various stakeholder engagement activities and the key concerns of stakeholders.

Stakeholder	Communication channel	Feedback/Concern
Employees	• Performance review • Employee training and programmes • Feedback platform	• Remuneration and benefits • Fair and competitive employment practices • Safe and healthy workplace • Job security • Training and development opportunities
Customers	• Email • Tele-conversation • Project progress meetings • Customer satisfaction survey	• Customer information protection • Quality and reliable services • Timely response to customers
Suppliers and subcontractors	• Email • Tele-conversation • Supplier audit • Management meeting	• Win-win cooperation • Long-term cooperation • Fair competition
Regulatory bodies	• Written or electronic correspondences	• Compliance with laws and regulations • Safe work environment • Fair employment practices
Shareholders and investors	• Annual general meetings and other shareholder meetings • Annual reports and financial result announcements • Company website • Announcements and circulars	• Sustainable profitability and shareholder returns • Timely and transparent reporting • Sound corporate governance
Media and public	• Company website • ESG Report	• Corporate social responsibility • Sustainable and responsible business practices

MATERIALITY ASSESSMENT

Materiality is a crucial factor into establishing our sustainability strategy because it ensures we provide our stakeholders with the sustainability information most relevant to them and our business.

In accordance to the reporting principles, we take into consideration the materiality topic's influence on stakeholders' decisions as well as the significance of the topic's impact to Environmental, Social and Governance factors. We rank the topics in the materiality matrix and are further elaborated in the subsequent pages of the ESG Report.

Legend

Environmental

1 Environmental Compliance
2 Emissions
3 Waste Management
4 Resource Usage and Efficiency
5 Impact on Environment and Natural Resources

Governance

6 Anti-corruption
7 Business Conduct and Ethics

Social

8 Fair Employment Practices and Compliance
9 Employee Retention
10 Health and Safety
11 Staff Training and Development
12 Labour Standards
13 Supply Chain Management
14 Project Quality Management
15 Customer Privacy and Corporate Information Protection
16 Intellectual Property, Marketing and Labelling
17 Community Investment

1: Our Environment

The Group believes that environmental protection is an essential objective in our daily operations. We aim to maintain green operations and minimise adverse environmental impact, in order to achieve sustainable development. The Group is committed in educating our stakeholders and implementing controls to reduce potential impacts toward the environment and pollution.

1.1: Environmental Compliance

We are subjected to the following environmental laws and regulations in Singapore, including but not limited to:

1. Building Control (Environmental Sustainability) Regulations
2. Building Control Act (Chapter 29)
3. Environmental Protection and Management Act (Chapter 94A)
4. Environmental Public Health Act (Chapter 95)
5. Sewerage and Drainage Act (Chapter 294)
6. Energy Conservation Act (Chapter 92C)

The Group was not aware of any material non-compliance with the relevant environmental laws and regulations during the year ended 31 December 2020.

1.2: Environmental Management Policies and Strategies

The Group has established the Environmental, Health and Safety (EHS) Management System, which consists of measures and work procedures governing environmental protection compliance that our employees, suppliers and subcontractors are obliged to follow.

1.3: Emissions

As our projects are mostly conducted within buildings, we deem that air pollutants generated from our construction and business activities are not significant. Nonetheless, we have identified dust generated at our project sites to be the main source of air pollutants and have established comprehensive dust control planning, with the following measures in place to reduce dust generation at project worksites:

1. Installation of mechanical ventilator fan and dust collector machine to exhaust and collect dust in project worksites.
2. Scheduling air purging when necessary.
3. Performing Indoor Air Quality (IAQ) assessment at project worksites.
4. Conduct daily mass housekeeping at project worksites.

We have identified petrol and diesel consumption of vehicles (Scope 1) and purchased electricity (Scope 2) as the primary sources of Greenhouse Gas ("**GHG**") emissions. We are committed in reducing the direct and indirect GHG emissions from our business activities by adopting the following measures:

Emission Type	Key Control Measures
Scope 1 — Direct GHG Emissions	• Purchase motor vehicles of EURO 6 Emission Standard • Switch off the engine whenever the vehicle is idling • Examine and obtain certification for the vehicles per Section 90 of Road Traffic Act • Perform regular vehicle maintenance to ensure optimal engine performance and fuel use
Scope 2 — Indirect GHG Emissions	• Improve employees' awareness in reduction of electricity consumption at offices. Refer to "Energy Use and Efficiency" for measures implemented.

The emissions generated from our business activities during the year ended 31 December 2020 is as shown below:

Gas Emissions	Unit	Amount
Nitrogen oxides ("**NOx**")(1)	Tonnes	1.225
Sulphur oxides ("**SOx**")	Tonnes	0.001
Particulate matter ("**PM**")(1)	Tonnes	0.070
Total	**Tonnes**	**1.296**
Intensity	**Tonnes per million SGD revenue**	**0.020**

GHG Emissions(2)	Unit	Amount
Scope 1 — Direct GHG emissions • Petrol and diesel consumption	tCO_2e(3)	162.92
Scope 2 — Indirect GHG emissions • Purchased electricity	tCO_2e(3)	178.72
Total	tCO_2e	341.64
Intensity	tCO_2e per million SGD revenue	5.34

Notes:

1 The calculation of NO_X and PM gas emission require the inclusion of the total travelling distance accumulated from all vehicles. The Group did not track the actual distance travelled. As such, an estimation of the travelling distance was obtained based on the make and model of the respective vehicles, which further derived with the fuel economy, measured in "L/100KM". The data was obtained from the Singapore Government Official (Land Transport Authority) website: https://vrl.lta.gov.sg/lta/vrl/action/pubfunc?ID=FuelCostCalculator. The estimated travelling distance was then calculated as: (1/"fuel economy")*total fuel consumption.

2 GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Bank Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report? — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2015 (AR5) and the Electricity Grid Emission Factors and Upstream Fugitive Methane Emission Factor issued by the Energy Market Authority of Singapore.

3 tCO_2e is defined as tonnes of carbon dioxide equivalent.

We have established KPI targets for emissions as shown below:

Targets
The Group targets to reduce our emission intensity by 5% over the next 3 years through active monitoring of our emission levels.

1.4: Waste Management

Hazardous Waste Management

The Group was not aware of any material amounts of hazardous wastes, according to the list of waste considered as being hazardous under the Schedule of the Environmental Public Health (Toxic Industrial Waste) Regulations 1988 of Singapore, generated from our projects and offices for the year ended 31 December 2020.

Non-hazardous Waste Management

Due to the nature of our business activities, the Group acknowledges that waste such as scraped metal, paint, wood, partitions will be generated at our project sites and it could never be fully avoided. Thus, we have put in continuous efforts to better manage and minimise waste generated from our business activities.

At project sites, we encourage measures to reuse or recycle construction wastes where possible. Construction waste are stored in separated and labelled containers at our worksites to ensure proper segregation. Construction waste to be disposed are transported back to our headquarters for accumulation and disposal by licensed general waste collectors ("**waste disposal vendors**").

At our corporate office, we encourage a number of green measures, such as double-sided printing or photocopying, printing electronic correspondences only when necessary and recycling one-sided printed paper. Furthermore, we are implementing system processing and online filing to reduce the need for physical paperwork in the near future.

The Group's waste disposal vendors do not track the weight of waste disposed, as the waste disposal services are charged on a per trip basis. Therefore, the Group does not have data on the total waste disposed for the reporting period.

1.5: Water Use and Efficiency

Water consumption plays a critical role in the Group's business operations. As water is a scarce resource in Singapore, we are dedicated towards water conservation to serve our society roles. Therefore, minimising water consumption where possible remains as one of our top priorities.

To achieve our objectives, water consumption is actively monitored at our office. The Group does not have direct control over water usage at worksites. However, we continue to work closely with our subcontractors to minimise water usage where possible.

The Group has adopted the following measures to ensure good practice of water conservation, which includes:

1. Reuse of wastewater at project sites when practicable.
2. Ensuring that there are no leaking faucets and reporting for repair as soon as problems are identified.

Water is sourced from the local Public Utilities Board. Therefore, we do not encounter with issue in sourcing water that is fit for purpose. The water consumption of the Group during the year ended 31 December 2020 is as shown below:

Water Consumption	**Unit**	**Amount**
Office	m^3	12,326.60
Total	m^3	12,326.60
Intensity	m^3 per million SGD revenue	192.60

1.6: Energy Use and Efficiency

The Group recognises that investing in energy conservation not only reduces our carbon footprint but also promotes cost savings. We are committed in taking measures to reduce our overall energy consumption and enhance energy efficiency to minimise the environmental impacts caused by our operations.

The electricity usage is pertaining across our office and construction operations. We strive to lower our energy usage by increasing awareness among employees, implementing energy efficient technologies and leveraging carbon offsets.

The Group has implemented the following measures to reduce our overall energy consumption:

1. Remind employees to switch off unnecessary electrical appliances when not in use.
2. On-site monitoring of energy consumption.
3. Installation of sensor light device in areas such as office restrooms.
4. Daily check to ensure lights are switch off after working hour.

The energy usage of the Group during the year ended 31 December 2020 is as shown below:

Type of Energy	Unit	Amount
Diesel	kWh	640,482
Petrol	kWh	26,684
Electricity	kWh	437,502
Total	kWh	1,104,668
Intensity	kWh per million SGD revenue	17,260

1.7: Impact on Environment and Natural Resources

It is inevitable that our construction activities might cause disturbances to the public. We strive to minimising the adverse environmental impacts that resulted from the construction activities. The following material impacts have been identified by the Group that our operations might have on the environment and respective proactive measures have been taken to reduce the impact:

Environmental Impact	Key Control Measures
Noise and vibration pollution	• A Noise Management Plan is drafted for each construction project. • Noisy works are scheduled during permitted hours (07:00 to 19:00) and not on Public Holidays or Sundays. • Noise level is monitored at all times and immediate action will be taken if noise level readings reach alert levels.
Pest infestation	• Periodic in-house disinfection spraying at worksites. • Periodic pest inspections performed at worksites.
Public safety	• Notices and signs are placed around the worksites to indicate walkways for public.
Public disturbance	• For project sites near residential areas, notices will be placed to inform residents of work commencement. • Banners and notices include feedback hotline for public to provide feedback on environmental infringements.

We have established KPI targets for water and energy consumption as shown below:

Targets

The Group targets to reduce all our water and energy intensity by 5% over the next 3 years through active monitoring of our consumption levels and deployment of more energy and water saving equipment.

2: Our People

The Group believes that our employees are our core assets that contribute to a strong and long-running organisation. The Group emphasises on the creation and maintenance of a fair, performance-based work environment that is diverse, inclusive and collaborative. Our employees' health and safety, and well-being are the utmost priority to us. We aim to maintain excellent health and safety standards so as to provide the employees with a safe working environment.

2.1: Employment Policies and Practices

The Group has established the following policies and practices to support our Human Resource Department in their daily operations and developed guidelines to create a positive and conducive work environment where our employees' well-being is well taken care of:

Employment Policies and Practices	**Policy Scope**
Employee Handbook	• Guidelines on employee remuneration, bonus, increment, leave and benefits.
Code of conduct for employees	• Requirements on the general conduct, dress code, attendance, confidentiality, conflict of interest, bribery, business gifts and disciplinary procedures.
Human Resource Policies and Procedures	• Procedures for manpower budgeting, recruitment, resignation and termination, staff record maintenance, staff allowance and claims, leave processing, payroll processing and disbursement, performance evaluation and training.

The Group was not aware of any material non-compliance with the employment-related laws and regulations including but not limited to the Employment Act (Chapter 91) of Singapore and the Employment of Foreign Manpower Act (Chapter 91A) of Singapore during the year ended 31 December 2020.

2.2: Employment Management

Recruitment and dismissal

The Group aims to provide equal and fair employment opportunities as we believe diversity is key toward business growth and innovation. As such, we value the experience and knowledge of our senior staff as well as the passion and adaptability of our younger staff.

The Group strives to recruit and retain the best talent. The Group also gathers feedback and comments from leavers through exit interviews to understand the reasons for leaving. This provides us with better understanding on the areas for improvement in our recruitment and talent retention system. Moreover, we emphasise on the selection of new hires through robust, fair and transparent recruitment process, based on their merits and their potential.

We firmly believe that unreasonable dismissal under any circumstances is unacceptable and is prohibited at the Group. The causes of dismissal are included but not limited to, in our employee handbook which stipulated detail list of major offences which we regard as legitimate reason for dismissal.

Equal opportunity, diversity and anti-discrimination

The Group believes a comprehensive and collaborative workplace environment will significantly enhance business development and stability. The Group also recognises the benefits in diversifying our workforce, regardless of the gender, age, sexual orientation or religious backgrounds. Moreover, we put in endless efforts in providing equal opportunities in all aspects of employment.

The Group holds zero tolerance against any discrimination, physical or verbal harassment based on race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation towards our employees.

Promotion

The Group creates an opportunity platform to assess employee's performance by conducting annual performance appraisals. Performance appraisals will be used as a basis for determining salary reviews and promotion opportunities for the employees throughout their period of service with the Group.

Feedback

The Group greatly values all complaints, grievances and concerns received from our employees and ensures that feedback is promptly responded to. In addition, we emphasise on the practice on having zero tolerance toward any form of sexual harassment or abuse in our workplace.

All our employees are based in Singapore. Our employment profile is as shown below:

Workforce As at 31 December 2020	**No. of headcount**	**Percentage of total headcount (%)**
By Gender		
Male	369	88
Female	49	12
By Age Group		
18–30 years old	168	40
31–50 years old	209	50
Over 50 years old	41	10
By Employment Type		
Permanent	418	100
Contract/Part-time	0	0

2.3: Employee Retention

Remuneration and compensation

The Group has established attractive remuneration packages for our employees, consisting of monthly salary, variable bonuses, medical reimbursement, various kinds of leave entitlements such as annual leave, maternity leave, childcare leave, adoption leave, compassionate leave and etc., which are determined by the employee's skill, qualifications, working experience and performance, and in compliance with the relevant employment laws and regulations.

Furthermore, the Group provides compensation to our employees in accordance with the provision of Work Injury Compensation Insurance Policy under the Work Injury Compensation Act (Chapter 354) of Singapore, which covers employees who sustain personal injury by accident or disease arising out of the course of employment.

Rest period and working hours

Our employee handbook has been established which sets out the working hours and rest periods for employees, in accordance with local employment laws.

Staff benefits and welfare activities

The Group is a strong believer that provision of attractive benefits and care towards our employees will further motivate them to deliver better work performance. With greater motivation created in our workforce, the Group strives to convey a positive and impactful message to our key stakeholders and develop an organisation culture of trust and excellence.

The following benefits are made available for our employees:

1. Medical benefits
2. Reimbursable expense claims
3. Allowances given to employees specific to their nature of work

In addition, the Group recognises the positive effects that are created among our employees from having social, recreational and health-conscious awareness activities. Hence, we organise various events such as festive celebrations for employees of different ethnic backgrounds to raise staff morale and their well-being.

Our employee turnover rates are as follows:

Employee turnover Year ended 31 December 2020	**Percentage (%)**
By Gender	
Male	**8**
Female	**3**
By Age Group	
18–30 years old	**2**
31–50 years old	**8**
Over 50 years old	**0**

2.4: Health and Safety

Due to the nature of our business activities, one of the main challenges the Group faces is occupational health and safety risks. Our employees' health and safety have always been the Group's utmost priority. Hence, we are dedicated to establishing comprehensive and proactive measures so as to provide a safe and healthy working environment for all our employees and to mitigate or eliminate such risks where possible.

The Group has established an Occupational Health and Safety Management System, certified by ISO 45000:2018, with the aim to reduce the occurrence of accidents. Moreover, the health and safety policies have been formalised as guidance to support our health and safety management system that stipulated the following:

1. Management and employees' roles and responsibilities
2. General safety
3. Risk assessment and safe work procedures
4. Violations and Infringements
5. Environmental, Health and Safety (EHS) training
6. Housekeeping
7. Personal Protection Equipment
8. Incident reporting and etc.

All relevant health and safety policies are reviewed and updated annually. The Group is also certified with BizSafe Level STAR.

The Group was not aware of any material non-compliance with health and safety-related laws and regulations including but not limited to Workplace Safety and Health Act (Chapter 354A) of Singapore during the year ended 31 December 2020.

The following measures were implemented to ensure the health and safety of our employees:

Health and Safety Concerns	Key Control Measures
Workplace safety	• The project manager together with the site safety department conduct a risk assessment survey of the site surrounding prior to commencement of the project. • All employees working at the work sites are issued with the required Personal Protective Equipment ("**PPE**"). • Project worksites maintain good housekeeping practice at all times. • Safety committee is formed for work sites with more than 50 workers. • Appointment of occupational first aiders and providing adequate first aid box at worksites. • Establishment of specific safe work practices. • Regular safety inspections are conducted at our work sites. • All new employees are expected to attend the safety induction course conducted by project managers on health, safety and environmental policies and procedures. • Mass tool box meetings are conducted at work sites to educate all workers on the relevant health and safety hazards, safety measures and proper use of PPE.
Clean and healthy working and living environment	• Provision of clean and ventilated dormitory rooms to workers. • Provision of cleaning tools to maintain hygienic living conditions. • Established housekeeping regulations at work sites and dormitory to ensure their health and safety are properly maintained and reduce potential hazards.
Protection against COVID-19 pandemic	• Provision of PPE such as face masks and hand sanitizers. • Placing precaution announcements in staff area and providing training on hygiene and sanitisation. • Labelling in the office premises to ensure physical distancing. • Daily body temperature checks for all employees prior to entering our work place. • SafeEntry tracking in and out of our workplace. • Meeting room is limited to 10 persons at any one time. • Workers are safely secured and looked after in the dormitory during "Circuit Breaker" period by providing isolation area and necessary medical attention. • Additional dormitory space in a separate location has been rented to ensure adequate physical distancing and segregation of our workers. • Additional office space in a separate location has been rented to ensure adequate physical distancing and segregation of our office staff.

The number of reported health and safety incidents during the year ended 31 December 2020 is as shown below:

	2020
Number of reportable accidents	4
Number of fatalities	0
Fatalities rate per 1,000 employees and workers	0
Lost days due to injuries	44

We have established KPI targets for fatalities rates and lost days as shown below:

Targets
The Group targets to maintain workplace fatality rate at zero and reduce lost days due to injuries by 5% over the next three years through creation of greater awareness of safety measures amongst employees.

2.5: Staff Training and Development

The Group believes that employees equipped with relevant up-to-date skills and knowledge are critical in achieving overall organisational success and will continue to create value and contribute to our competitiveness in the construction industry.

The Group provides structured training to equip our employees with the skills and knowledge required within the business by making use of both in-house and external training. We are continuously seeking to develop and improve our training and employee development.

The training statistics of our employees during the year ended 31 December 2020 are as shown below:

Percentage of Employees Receiving Training	2020
By Gender	
Male	47%
Female	2%
By Employment Category	
Manager or above	22%
Supervisor	44%
Operator/Support level	0%

Average Training Hours	**2020**
By Gender	
Male	**10.5 hours**
Female	**0.69 hour**
By Employment Category	
Manager or above	**6.18 hours**
Supervisor or above	**9.73 hours**
Operator/Support level	**0 hour**

We have established KPI targets for employees training opportunities as shown below:

Targets
The Group seeks to provide more training opportunities for our employees. We target to increase the average training hours of employees by 5% over the next three years.

2.6: Labour Standards and Compliance

The Group remains vigilant to ensuring our recruitment process strictly complies with local laws and has zero tolerance toward existence of child and forced labour as defined by the International Labour Organisation ("**ILO**") Convention and Ministry of Manpower ("**MOM**") in Singapore. Any violation will be dealt with in the light of circumstances. The Group perceives strongly that no employee shall be forced to work against his or her will through any form of threat and intimation or subjected to corporal punishment or coercion of any type related to work.

The Group was not aware of any material non-compliance with employment laws and regulations, including but not limited to the Employment Act (Chapter 91) of Singapore during the year ended 31 December 2020.

3: Our Supply Chain

The Group recognises that our vendors play an essential role in overall operation and success of our business and that high standards of product quality, health and safety provided by our vendors directly reflect on what we offer to our customers. Therefore, the Group strives to enhance its business sustainability over supply chain by engaging responsible and ethical vendors. We have worked actively with approximately 148 approved vendors where 93% of the procurement are locally sourced in Singapore. The other 7% are vendors sourced from countries like Malaysia, Hong Kong, China, Switzerland, United State of America and United Kingdom.

3.1: Supplier and Subcontractor Selection

Our key suppliers, including our subcontractors undergo comprehensive assessment during the supplier selection process prior with consideration on factors such as their business profile, financial solvency, resources, certification, price competitiveness and overall sustainability policies adopted. Additionally, "green" evaluation is conducted on new suppliers and subcontractors, to assess whether material and services employed are environmental-friendly. We only select vendors who meet our expectations.

3.2: Supplier and Subcontractor Profile

The Group is committed to adequately maintain all supplier and subcontractor profiles in our system to ensure that relevant records are safeguarded and tracked. We have diversified the supply base for critical materials across our approved suppliers to minimise potential disruption. With most of our vendors based locally, we managed to reduce the potential disruption caused by COVID-19 pandemic.

We strictly monitor our vendor management to prevent against all kinds of business bribery and discrimination toward any vendors.

3.3: Supplier and Subcontractor Control and Monitoring

We regularly evaluate our key vendors' performance to determine whether to extend our partnership with them. The Group's supplier performance is reviewed annually by the purchasers based on seven criteria, namely delivery, quality, expertise of staff, customer support, company reputation, financial condition, safety and price competitiveness.

Such review process ensures alignment of our key vendors' services and products to our business requirements and sustainability objectives as well as ensure consistency in the quality of the work received.

4: Our Customers

The quality of all our services and safety of our projects should never be compromised as we strongly believe that excellent performance in quality and safety of our projects lead to good and long-term relationship with our customers.

4.1: Project and Service Quality

The Group has delegated the responsibilities of monitoring the overall project progress to our project managers where they will ensure the work quality and performance. We believe that effective communication enhances our quality of project works. Hence, regular management meetings are carried out to discuss quality issues and remedy defects identified.

Moreover, customers are involved in the certification of work performed. We perform customer satisfaction surveys and project post-mortem review to identify areas of improvement for future projects.

The Group welcomes all feedback from customers as we deem it as an opportunity to improve on our services and works. We have established comprehensive procedures for handling feedback and ensure that all feedback are adequately recorded and appropriate follow-up actions are promptly taken.

During the year ended 31 December 2020, there were no product or service-related complaints received.

4.2: Intellectual Property, Marketing and Labelling

The Group has registered its logo and domain name as a trademark in both Hong Kong and Singapore. For any infringement of our intellectual property, the Group will urge infringers to cease such action. The business environment is closely monitored by the Human Resources Department of the Group and prompt follow-up actions are taken to address any infringements of our intellectual property.

The Group's business does not involve research and development, product packaging and labelling activities. Additionally, the Group also does not engage highly in marketing and advertising. Advertising are predominantly for the purpose of staff recruitment and project tender.

The Group was not aware of any material infringement of relevant laws and regulations relating to intellectual property rights, marketing and labelling during the year ended 31 December 2020.

4.3: Customer Privacy and Corporate Information Protection

The Group places strong emphasis on ensuring compliance to the Singapore Personal Data Protection Act 2012 ("**PDPA**") and has appointed Head of Human Resource Planning as our Data Protection Officer to oversee all matters regarding personal and corporate information protection.

Our employees are well-trained to respect the confidentiality of our customers' information. The Group has established guidelines on collection, usage and disclosure of confidential information by our employees. In addition, the Group has implemented firewall, anti-virus, and anti-spam solutions for our information technology systems to safeguard confidential corporate information.

The Group was not aware of any material non-compliance to the PDPA during the year ended 31 December 2020.

5: Our Society

The Group believes that all individuals and entities play a role in caring for the community and being a responsible corporate citizen is core foundation toward our business approach and sustainability strategy.

5.1: Community Investments

The Group has donated SGD2,400 during the year ended 31 December 2020 to Kwong Wai Shiu Hospital, in support of healthcare needs of the community.

6: Business Ethics

The Group believes in the importance of conducting business operations with integrity, honesty and transparency.

Moreover, the Group is committed to comply with all legal and regulatory requirements for our business and operations so as to build a positive corporate image through exemplary corporate governance and business ethics.

6.1: Anti-Corruption Policies and Practices

The Group does not tolerate the existence of any corporate fraud and corruption. We believe that corporate fraud and corruption can be detected if not prevented with the establishment of strong corporate culture within our Group. Additionally, our commitment and values are guided by our code of conduct for directors and employees and other policies and procedures. All new directors and employees are informed and trained on anti-corruption practices during orientation.

The Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Corruption Act (Chapter 241) of Singapore during the year ended 31 December 2020.

6.2: Code of Conduct

The Code of Conduct is made available to all employees and directors during their orientation. Additionally, the employee handbook, which is made available to all employees and directors, covers penalties for misconduct and fraud, and guides all employees in their everyday conduct.

6.3: Whistleblowing Policies

The Group has established a whistleblowing policy and provided independent channels for employees to report concerns over any suspicions of unlawful conduct, financial malpractice and/or other wrong-doings. Through our independent whistleblowing channels, including the direct contacts of the Group's Chairman and Audit Committee, employees are able to report any suspected misconducts without reprisal.

CONTENT INDEX

The ESG Report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Listing Rules.

Disclosures and KPIs	Description	Section/Declaration
Part B of Appendix 27: Mandatory Disclosure Requirements		
Governance Structure	• A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	• Board Statement
Reporting Principles	• A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report: (i) Materiality (ii) Quantitative (iii) Consistency	• About This Report • Materiality Assessment
Reporting Boundary	• A narrative explaining the reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report • If there is a change in the scope, the issuer should explain the difference and reason for the change	• About This Report

Disclosures and KPIs	Description	Section/Declaration
Part C of Appendix 27: "Comply or explain" Provisions		
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	• 1.1: Environmental Compliance • 1.2: Environmental Management Policies and Strategies • 1.3: Emissions • 1.4: Waste Management
KPI A1.1	• Types of emissions • Respective emissions data	• 1.3: Emissions
KPI A1.2	• Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) • Intensity (e.g. per unit of production volume, per facility)	• 1.3: Emissions
KPI A1.3	• Total hazardous waste produced (in tonnes) • Intensity (e.g. per unit of production volume, per facility)	• 1.4: Waste Management
KPI A1.4	• Total non-hazardous waste produced (in tonnes) • Intensity (e.g. per unit of production volume, per facility)	• 1.4: Waste Management
KPI A1.5	• Description of emissions target(s) set • Steps taken to achieve them	• 1.3: Emissions
KPI A1.6	• Description of how hazardous and non-hazardous wastes are handled • Description of reduction target(s) set and steps taken to achieve them	• 1.4: Waste Management
Aspect A2: Use of Resources	• General Disclosure • Policies on the efficient use of resources, including energy, water and other raw materials	• 1.1: Environmental Compliance • 1.2: Environmental Management Policies and Strategies • 1.5: Water Use and Efficiency • 1.6: Energy Use and Efficiency

Disclosures and KPIs	Description	Section/Declaration
KPI A2.1	• Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) • Intensity (e.g. per unit of production volume, per facility)	• 1.6: Energy Use and Efficiency
KPI A2.2	• Water consumption in total • Intensity (e.g. per unit of production volume, per facility)	• 1.5: Water Use and Efficiency
KPI A2.3	• Description of energy use efficiency target(s) set • Steps taken to achieve them	• 1.6: Energy Use and Efficiency
KPI A2.4	• Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set • Steps taken to achieve them	• 1.5: Water Use and Efficiency
KPI A2.5	• Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	The use of packaging material is not a material ESG aspect of the Group due to the nature of our business activities.
Aspect A3: The Environment and Natural Resources	• General Disclosure • Policies on minimising the issuer's significant impacts on the environment and natural resources	• 1.8: Impact on Environment and Natural Resources
KPI A3.1	• Description of the significant impacts of activities on the environment and natural resources • Actions taken to manage them	• 1.8: Impact on Environment and Natural Resources
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	The Group was not affected materially by any climate-related issues during the year ended 31 December 2020.

Disclosures and KPIs	Description	Section/Declaration
KPI A4.1	• Description of the significant climate-related issues which have impacted • Actions taken to manage them	The Group was not affected materially by any climate-related issues during the year ended 31 December 2020.
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	• 2.1: Employment Policies and Practices
KPI B1.1	• Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	• 2.2: Employment Management
KPI B1.2	• Employee turnover rate by gender, age group and geographical region	• 2.3: Employee Retention
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	• 2.4: Health and Safety
KPI B2.1	• Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	• 2.4: Health and Safety
KPI B2.2	• Lost days due to work injury	• 2.4: Health and Safety
KPI B2.3	• Description of occupational health and safety measures adopted • How they are implemented and monitored	• 2.4: Health and Safety

Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training	• General Disclosure • Policies on improving employees' knowledge and skills for discharging duties at work • Description of training activities	• 2.1: Employment Policies and Practices • 2.5: Staff Training and Development
KPI B3.1	• The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	• 2.5: Staff Training and Development
KPI B3.2	• The average training hours completed per employee by gender and employee category	• 2.5: Staff Training and Development
Aspect B4: Labour Standards	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	• 2.1: Employment Policies and Practices • 2.6: Labour Standards and Compliance
KPI B4.1	• Description of measures to review employment practices to avoid child and forced labour	• 2.6: Labour Standards and Compliance
KPI B4.2	• Description of steps taken to eliminate such practices when discovered	• 2.6: Labour Standards and Compliance
Aspect B5: Supply Chain Management	• General Disclosure • Policies on managing environmental and social risks of the supply chain	• 3: Our Supply Chain
KPI B5.1	• Number of suppliers by geographical region	• 3: Our Supply Chain

Disclosures and KPIs	Description	Section/Declaration
KPI B5.2	• Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	• 3: Our Supply Chain
KPI B5.3	• Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• 3.1: Supplier and Subcontractor Selection • 3.3: Supplier and Subcontractor Control and Monitoring
KPI B5.4	• Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	• 3.1: Supplier and Subcontractor Selection • 3.3: Supplier and Subcontractor Control and Monitoring
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	• 4: Our Customers
KPI B6.1	• Percentage of total products sold or shipped subject to recalls for safety and health reasons	This is not applicable due to the nature of our business activities.
KPI B6.2	• Number of products and service-related complaints received and how they are dealt with	• 4.1: Project and Service Quality
KPI B6.3	• Description of practices relating to observing and protecting intellectual property rights.	• 4.2: Intellectual Property, Marketing and Labelling
KPI B6.4	• Description of quality assurance process and recall procedures	• 4.1: Project and Service Quality

Disclosures and KPIs	Description	Section/Declaration
KPI B6.5	• Description of consumer data protection and privacy policies, and how they are implemented and monitored	• 4.3: Customer Privacy and Corporate Information Protection
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	• 6: Business Ethics
KPI B7.1	• Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	• 6.1: Anti-Corruption Policies and Practices
KPI B7.2	• Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	• 6.3: Whistleblowing Policies
KPI B7.3	• Description of anti-corruption training provided to directors and staff	• 6.1: Anti-Corruption Policies and Practices
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	• 5.1: Community Investments
KPI B8.1	• Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	• 5.1: Community Investments
KPI B8.2	• Resources contributed (e.g. money or time) to the focus area	• 5.1: Community Investments

MOORE

Moore Stephens CPA Limited

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

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大華馬施雲
會計師事務所有限公司

To the shareholders of Raffles Interior Limited
(incorporated in the Cayman Islands with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Raffles Interior Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 77 to 141, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we are unable to form an opinion as to whether the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

(I) Limitation of scope on prepayments made by the Group

As detailed in note 20(iv) to the consolidated financial statements, during the year ended 31 December 2020, the Company entered into several agreements with a number of parties which the directors of the Company represented that they were advisory or consulting firms and were independent of the Group and not related to any of the directors of the Company (the "**Service Providers**") relating to the following services as represented by the directors of the Company (the "**Professional Services**"):

(a) provision of consultancy services for a period of three years starting from May 2020 in respect of financial and business matters and internal control matters of HK$9,500,000 (equivalent to approximately S$1,738,000) and HK$3,000,000 (equivalent to approximately S$549,000) respectively;

(b) provision of business consultancy and management services of HK$1,800,000 (equivalent to approximately S$324,000);

(c) provision of exclusive facilitator-services for restructuring and acquisition of HK$6,250,000 (equivalent to approximately S$1,143,000);

(d) provision of advertising and sponsorship services in relation to a weekly finance television program of HK$1,800,000 (equivalent to approximately S$324,000) and newspaper placement services of HK$1,200,000 (equivalent to approximately S$216,000);

(e) provision of public relations and communication services of HK$700,000 (equivalent to approximately S$126,000); and

(f) provision of investment advisory services and retainer services for two years of HK$2,000,000 starting from June 2020 (equivalent to approximately S$359,000).

Items (a) to (f) above are collectively referred to as the "**Transactions**" of which the majority were entered into by the Company one month before or after the initial public offering of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Main Board**").

The Company made an announcement on 31 March 2021 to inform the public about (a) the delay of the publication of the audited annual results announcement for the year ended 31 December 2020 and (b) the requests by the predecessor auditor in respect of the audit of the Group's consolidated financial statements for the year ended 31 December 2020 for additional information in relation to various agreements entered into by the Company, including those relating to the Transactions. On 23 March 2021, an independent board committee (the "**IBC**"), which is comprised of all the independent non-executive directors of the Company, was established. The IBC proposed to appoint an independent professional adviser (the "**Investigation Firm**") to assist the IBC in conducting the investigation, and the Investigation Firm was appointed on 30 April 2021.

The total contractual amount of the Transactions amounted to HK$26,250,000 (equivalent to approximately S$4,779,000) and the Group had paid the entire contractual amount to the Service Providers during the year ended 31 December 2020 which was initially recognised by the Group as prepayments. During the year ended 31 December 2020, the Group recognised a loss on these prepayments amounting to approximately HK$24,250,000 (equivalent to approximately S$4,420,000) which were relating to items (a) to (e) above to fully write down the carrying amount of these prepayments as such amounts were considered as irrecoverable.

For item (f) above, the amount paid during the year ended 31 December 2020 amounted to HK$2,000,000 (equivalent to approximately S$359,000) and the same amount was recorded as a prepayment as at 31 December 2020. Subsequent to the end of the reporting period, the Group terminated the agreement with the counterparty and requested for refund and the amount of HK$2,000,000 (equivalent to approximately S$359,000) was refunded to the Group in June and July 2021.

Regarding the circumstances described above, we have been provided with explanations and supporting documents from the management of the Group and the Investigation Firm which are contained in the Independent Investigation Report issued by the Investigation Firm dated 14 January 2022 (the "**Report**") about the commercial substance of the Transactions and the reasons for the Group entering into the agreements relating to the Transactions, in particular (a) the commercial reason why the Transactions were entered into within one month before or after the initial public offering (the "**IPO**") of the shares of the Company on the Main Board, (b) reasons why only simple procedures regarding service procurement, vendor's selection process and level of service fees comparison had been taken by the management of the Group before the management of the Group decided to enter into the agreements relating to the Transactions and (c) the commercial reason why significant payments had been made upfront to the Service Providers before the delivery of the Professional Services to the Group. However, up to the date of this report, we had not obtained sufficient appropriate audit evidence to satisfy ourselves about the concerns we expressed regarding the Transactions of which the aggregate prepayments made by the Group amounted to HK$26,250,000 (equivalent to approximately S$4,779,000) during the year ended 31 December 2020. Accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding the commercial substance and nature of the Transactions and the reasons why the Group entering into the agreements relating to the Transactions. Also, as mentioned above, the Group had recognised a loss on these prepayments amounting to approximately HK$24,250,000 (equivalent to approximately S$4,420,000) for the year ended 31 December 2020 because the directors of the Company believed that the amounts were irrecoverable. We had inquired with the management of the Group as to (a) what steps had been taken to recover the amounts and (b) reasons why the amounts were considered as irrecoverable. However, up to the date of this report, we were unable to obtain sufficient appropriate audit evidence regarding the nature and the appropriateness of the amount of the loss of HK$24,250,000 (equivalent to approximately S$4,420,000) being recognised in the consolidated profit or loss for the year ended 31 December 2020 and of the amount of prepayments/assets being recognised by the Group as at 31 December 2020, and consequentially to the related elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and the related presentation and disclosures in the consolidated financial statements for the year ended 31 December 2020. Furthermore, we were unable to obtain sufficient appropriate audit evidence as to how the cash outflow of HK$26,250,000 (equivalent to approximately S$4,779,000) should be presented in the consolidated financial statements as we were unable to obtain sufficient appropriate audit evidence about the commercial substance and nature of the Transactions. No alternative procedures could be performed by us on the abovementioned aspects. Any adjustment found to be necessary in respect of these matters might have significant consequential effects on the financial position, financial performance and cash flows of the Group for the year ended 31 December 2020, and the related disclosures in the consolidated financial statements.

(II) Limitation of scope on fair value measurement of the financial asset at fair value through profit or loss

As at 31 December 2020, the Group recognised a financial asset which represented an unlisted investment in a private company acquired in August 2020 through entering into a discretionary investment management agreement (the "**Discretionary Investment Management Agreement**") with an asset management company (the "**Asset Management Company**"), of which the accounting policy adopted by the Group was to measure such an asset at fair value through profit or loss, as disclosed in note 18 to the consolidated financial statements. As at 31 December 2020, the fair value of the asset estimated by the management of the Group amounted to HK$8,300,000 (equivalent to approximately S$1,418,000) which was equivalent to the cost of the investment on initial recognition. Also, we noted that the Group made a prepayment of HK$558,000 (equivalent to approximately S$95,000) to a designated broker and custodian company that was specified in the Discretionary Investment Management Agreement during the year relating to asset management fees for three years from August 2020, of which the details were set out in note 20(iv)(g) to the consolidated financial statements. As part of the audit, we had been provided with explanations and supporting documents from the management of the Group and the Report about (a) the commercial reason why the Group entered into such Discretionary Investment Management Agreement shortly after the IPO, in which the Group gave "full discretion" power to the Asset Management Company as to what investment products (specified in the general investment guidelines including listed equity securities in Hong Kong, fixed income products traded worldwide, fund on funds, other alternate assets) to be acquired or disposed of, and why eventually only the unlisted investment in a private company was acquired as the sole managed asset in the investment portfolio under such prescribed general investment guidelines, (b) reasons why only simple procedures, approval procedures were conducted by the management of the Group before the management of the Group decided to enter into the Discretionary Investment Management Agreement, and (c) reasons why the Group made upfront payment for the three-year asset management service that was to manage just one private unlisted investment. Up to the date of this report, we were unable to obtain sufficient appropriate evidence relating to the commercial substance and business rationale for the Group to enter into the Discretionary Investment Management Agreement and to acquire such unlisted private investment as well as making an upfront payment for the three-year asset management service. Also, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding the reasonableness of the methodology, key assumptions and data adopted by the management in determining the fair value of the financial asset as at 31 December 2020 (e.g. valuation techniques and key inputs applied in the fair value measurement process). For the abovementioned reasons, we were unable to evaluate whether the fair value of the financial asset were appropriately estimated on both initial recognition of the financial asset and as at the end of the reporting period, although, subsequent to the end of the reporting period, the Group terminated the Discretionary Investment Management Agreement on 1 March 2021, the Asset Management Company then disposed of the investment and refunded an amount of HK$8,689,000 (approximately equivalent to S$1,478,000) together with remaining balance of the prepaid asset management fees of HK$310,000 (approximately equivalent to S$53,000) to the Group in July 2021.

Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the financial position of the Group as at the end of the reporting period, the loss for the year and the related disclosures in the consolidated financial statements.

Considering the significance of the matters described above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Group's consolidated financial statements.

Other Matter

The combined financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 21 April 2020.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our responsibility is to conduct an audit of the consolidated financial statements in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**") and we have fulfilled our other ethical responsibilities in accordance with the Code.

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Lai Hung Wai
Practising Certificate Number: P06995

Hong Kong, 27 May 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 S$'000	2019 S$'000
Revenue	4	**64,221**	76,659
Cost of sales	9	**(66,803)**	(60,440)
Gross (loss)/profit		**(2,582)**	16,219
Other income	6	**2,341**	21
Other gains	7	**—**	5
Losses arising from the Transactions	8	**(4,420)**	—
Administrative expenses	9	**(11,032)**	(9,803)
Operating (loss)/profit		**(15,693)**	6,442
Finance income		**22**	38
Finance costs		**(403)**	(399)
Finance costs, net	12	**(381)**	(361)
(Loss)/profit before income tax		**(16,074)**	6,081
Income tax credit/(expense)	13	**125**	(1,443)
(Loss)/profit and total comprehensive (expense)/income for the year attributable to equity holders of the Company		**(15,949)**	4,638
Basic and diluted (loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (expressed in Singapore cents per share)	14	**(1.75)**	0.62

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	As at 31 December 2020 S$'000	2019 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**2,642**	2,738
Right-of-use assets	17	**848**	746
		3,490	3,484
Current assets			
Financial asset at fair value through profit or loss	18	**1,418**	—
Contract assets	19	**29,132**	27,869
Trade and other receivables, deposits and prepayments	20	**11,645**	8,933
Pledged fixed deposits	21	**1,588**	1,560
Cash and cash equivalents	22	**17,070**	2,628
		60,853	40,990
Total assets		**64,343**	44,474
EQUITY			
Share capital	23	**1,829**	—
Share premium		**29,730**	—
(Deficit)/reserves		**(18,087)**	12,409
Total equity		**13,472**	12,409
LIABILITIES			
Non-current liabilities			
Borrowings	24	**3,583**	—
Lease liabilities	17	**580**	582
Deferred income tax liabilities	25	**11**	7
		4,174	589

	Notes	As at 31 December 2020 S$'000	2019 S$'000
Current liabilities			
Trade and other payables and accruals	26	**35,445**	24,234
Contract liabilities	19	**278**	—
Borrowings	24	**10,480**	5,323
Lease liabilities	17	**281**	143
Current income tax liabilities		**213**	1,776
		46,697	31,476
Total liabilities		**50,871**	32,065
Total equity and liabilities		**64,343**	44,474

The consolidated financial statements on pages 77 to 141 were approved and authorised for issue by the Board of Directors on and were signed on its behalf on 27 May 2022.

Chua Boon Par	**Ding Hing Hui**
Director	*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 2020

	Attributable to owners of the Company				
	Share capital S$'000	**Share premium** S$'000	**Other reserve (Note)** S$'000	**Retained earnings/ (accumulated loss)** S$'000	**Total equity** S$'000
Balance at 1 January 2019	—	—	1,500	6,271	7,771
Profit for the year	—	—	—	4,638	4,638
Total comprehensive income for the year	—	—	—	4,638	4,638
Balance at 31 December 2019	—	—	1,500	10,909	12,409
Balance at 1 January 2020	**—**	**—**	**1,500**	**10,909**	**12,409**
Loss for the year	**—**	**—**	**—**	**(15,949)**	**(15,949)**
Total comprehensive expense for the year	**—**	**—**	**—**	**(15,949)**	**(15,949)**
Issuance of shares upon reorganisation	**—**	**14,547**	**(14,547)**	**—**	**—**
Share capitalisation	**1,372**	**(1,372)**	**—**	**—**	**—**
Issue of shares pursuant to the Share Offer (see note 23)	**457**	**22,411**	**—**	**—**	**22,868**
Share issuance expenses	**—**	**(5,856)**	**—**	**—**	**(5,856)**
Total transactions with owners in their capacity as owners	**1,829**	**29,730**	**(14,547)**	**—**	**17,012**
Balance at 31 December 2020	**1,829**	**29,730**	**(13,047)**	**(5,040)**	**13,472**

Note: The other reserve represents the difference between the share capital of the Company, Ngai Chin Construction Pte. Ltd. ("**Ngai Chin**") and the shares of Flourishing Honour Limited ("**Flourishing Honour**") issued, pursuant to a group reorganisation in preparation for the listing of the Company's shares, as described in note 1.2 to the consolidated financial statements.

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

	Notes	Year ended 31 December 2020 S$'000	2019 S$'000
(Loss)/profit before income tax		**(16,074)**	6,081
Adjustments for:			
Bad debts written off		**38**	—
Depreciation of property, plant and equipment	16	**666**	645
Depreciation of right-of-use assets	17(b)	**208**	169
Provision for expected credit loss of trade receivables		**4**	—
Provision for expected credit loss of contract assets		**22**	—
Losses arising from the Transactions	8	**4,420**	—
Finance income	12	**(22)**	(38)
Finance costs	12	**403**	399
Operating cash flows before working capital changes		**(10,335)**	7,256
Changes in working capital:			
— contract assets		**(1,285)**	(12,277)
— contract liabilities		**278**	(234)
— trade and other receivables, deposits and prepayments		**(3,396)**	8,809
— pledged fixed deposits		**(28)**	(24)
— trade and other payables and accruals		**12,333**	(164)
Cash (used in)/generated from operations		**(2,433)**	3,366
Interest received		**22**	38
Income tax paid		**(1,434)**	(1,324)
Net cash (used in)/from operating activities		**(3,845)**	2,080
Cash flows from investing activities			
Payment for acquisition of financial asset at fair value through profit or loss	18	**(1,418)**	—
Prepayments made relating to the Transactions	20(iv)(a) to (f)	**(4,779)**	—
Purchase of property, plant and equipment		**(573)**	(68)
Proceeds from disposals of property, plant and equipment		**3**	—
Net cash used in investing activities		**(6,767)**	(68)

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
Cash flows from financing activities		
Proceeds from borrowings	**35,421**	36,607
Repayment of borrowings	**(26,681)**	(37,581)
Payment for lease liabilities	**(174)**	(144)
Finance cost paid	**(403)**	(399)
Payment of listing expenses	**(5,977)**	(722)
Gross proceeds from issue of shares	**22,868**	—
Net cash from/(used in) financing activities	**25,054**	(2,239)
Net increase/(decrease) in cash and cash equivalents	**14,442**	(227)
Cash and cash equivalents at beginning of the year	**2,628**	2,855
Cash and cash equivalents at end of the year	**17,070**	2,628

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

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

Raffles Interior Limited (the "**Company**") was incorporated in the Cayman Islands on 7 January 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the Company's principal place of business is 59 Sungei Kadut Loop, Singapore 729490.

The Company is a subsidiary of Ultimate Global Enterprises Limited ("**Ultimate Global**"), incorporated in the British Virgin Islands (the "**BVI**"), which is also the Company's ultimate holding company. Ultimate Global is owned by Mr. Lo Lek Chew ("**Mr. Lo**"), Mr. Chua Boon Par ("**Mr. Chua**"), Mr. Ding Hing Hui ("**Mr. Ding**"), Mr. Leong Wai Kit ("**Mr. Leong**"), Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah ("**Mr. Ng**") (collectively the "**Ultimate Shareholders**").

The Company is an investment holding company and the principal activities of its operating subsidiary, Ngai Chin, are the provision of interior fitting-out services in the Republic of Singapore ("**Singapore**").

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Main Board** ") with effect from 7 May 2020 (the "**Listing**"). The trading in the shares of the Company on the Main Board has been suspended with effect from 1 April 2021.

The consolidated financial statements are presented in Singapore Dollars ("**S$**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand ("**S$'000**"), unless otherwise stated.

1.2 Group reorganisation

Prior to the incorporation of Company and the completion of the reorganisation (the "**Reorganisation**") as described below, the interior fitting-out services business (the "**Principal Business**") was carried out by Ngai Chin. Ngai Chin was controlled and owned by the Ultimate Shareholders.

In preparation for the listing of the Company's shares on the Main Board, the Group underwent the Reorganisation which principally involved the following steps:

(a) On 27 July 2018, Flourishing Honour was incorporated in the BVI. On 18 January 2019, Flourishing Honour allotted and issued one share to the Company for cash at par.

(b) On 7 January 2019, the Company was incorporated in the Cayman Islands. Upon its incorporation, one nil-paid initial share was transferred to Ultimate Global, which is a company incorporated in the BVI on 8 November 2018 and owned by the Ultimate Shareholders in proportion to the effective interest held by each of the Ultimate Shareholders in Ngai Chin.

1 GENERAL INFORMATION AND REORGANISATION (Continued)

1.2 Group reorganisation (Continued)

(c) On 30 March 2020, a sale and purchase agreement was entered into between the Ultimate Shareholders, Flourishing Honour and the Company, pursuant to which the Ultimate Shareholders transferred their entire shareholding interests in Ngai Chin to Flourishing Honour, in consideration of the Company (i) allotting and issuing 99 shares of the Company to Ultimate Global, credited as fully paid; and (ii) crediting the initial share held by Ultimate Global as fully paid.

Upon completion of the Reorganisation, the Company has become the holding company of the companies now comprising the Group. At the time of completion of the above Reorganisation, effective interests that are directly or indirectly owned by the Company are disclosed in note 33.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Pursuant to the Reorganisation as described in note 1.2, the Principal Business was transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a recapitalisation of the Principal Business with no change in management of such business and the ultimate owners of the Principal Business remain the same. Accordingly, the consolidated financial statements have been prepared and presented on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the year ended 31 December 2019 or since their respective dates of incorporation or establishment up to 31 December 2019, using the principles of merger accounting.

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 3. 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)

Since the finance costs from general borrowings were presented as finance costs in current year, a reclassification adjustment of S$329,000 has been put through to cost of sales and finance costs for the year ended 31 December 2019 to reclassify such finance costs from "cost of sales" to "finance costs" to conform with the current year's presentation. These reclassifications have no effect on financial position, profit for the year or cash flows of the Group.

(i) New and amended standards and interpretations effective in 2020

The Group has adopted the followings new and amended standards and interpretations for the first time for the accounting period beginning on 1 January 2020:

Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting
Amendments to IFRS 7, IFRS 9 and IAS 39	Interest rate benchmark reform

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

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

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	COVID-19-Related Rent Concessions[4]
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[6]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.
6 Effective for annual periods beginning on or after 1 April 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 37 Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The directors of the Company are assessing the impact on the amendments, and expected no significant impact on the financial position and performance of the Group based on preliminary assessment.

2.2 Subsidiaries

2.2.1 Consolidation (For the year ended 31 December 2020)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (For the year ended 31 December 2020) (Continued)

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

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

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.

2.3 Foreign currency translation

(i) Functional and presentation currency

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

(ii) 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 profit or loss and 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 are 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 statements of profit or loss and other 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. In terms of building and renovation, the shorter lease term are as follows:

Building	12 years
Renovation	7–10 years
Plant and equipment	5–10 years
Motor vehicles	5–6 years
Furniture and fittings	5 years

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 or losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "other gains" in the consolidated statement of profit or loss and other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Impairment of non-financial assets

Property, plant and equipment and right-of-use assets 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 (cash-generating units). Non-financial assets 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 profit or loss and other comprehensive income.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories:

— those to be measured subsequently at fair value through profit or loss ("**FVTPL**"), and

— the 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.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

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

(b) Recognition and measurement

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.

(c) 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 costs of financial assets carried at FVTPL are expensed in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets (Continued)

(c) Measurement (continued)

(i) Financial assets measured at amortised cost

Financial assets measured at amortised cost of the Group mainly comprise of cash and cash equivalent and trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Group's business model in managing the assets and the cash flow characteristic of the assets. The Group managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

The Group assesses on a forward-looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires ECL to be recognised from initial recognition of the receivables and contract assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade 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.

For other receivables, the Group applies either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition then impairment is measured as lifetime ECL.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value gains and losses on equity investments in fair value.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the consolidated statement of profit or loss and other comprehensive income as applicable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. See note 2.7 and impairment policies for trade and other receivables.

2.9 Cash and cash equivalents

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

2.10 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.

2.11 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.

2.12 Borrowings

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Borrowings (Continued)

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

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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 reporting period.

Borrowing costs are recognised in profit or loss using the effective interest method.

There were no qualifying assets during the years. All borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs include interest expense, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

2.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

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

2.14 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. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax 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 interest expenses.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefit is remote.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.16 Revenue recognition

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Revenue recognition (Continued)

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

(a) Revenue from construction contract

The Group specialises in interior fitting-out works, including new commercial properties and on existing commercial spaces that involve upgrades and/or makeovers and/or demolition works, as well as small scale works, such as interior alteration, repair and maintenance works that involve no structure changes.

The Group has to identify the performance obligation in a contract. A performance obligation is a promise in a contract to transfer a good or service to a customer. Generally, the interior fitting-out construction contract will provide a significant integration services and the good and services within the contract will be highly dependent on or highly integrated with other goods or services. As such, different elements of a construction contract are accounted as a single performance obligation. The Group treats all of the construction contracts as a single performance obligation as the construction works are not capable of being distinct.

The Group recognises the revenue over time as the customer receives and consumes the benefits of the Group's performance as the Group performs.

When determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group does not assess whether the arrangement with customers has significant financing component. The Group has, therefore, recognised revenue on percentage of completion over the period during which the services are rendered and transferred to customers.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Revenue recognition (Continued)

(a) Revenue from construction contract (Continued)

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in note 2.15.

The Group has used the practical expedients to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

There is no obligation for returns and refunds for construction contract.

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

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

Variable consideration

For contracts that contain variable consideration (variation order of construction contract), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Revenue recognition (Continued)

(b) Interest income

Interest income from a financial asset is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.17 Leases

Lessee

The Group leases a land, certain office equipment and motor vehicles. Leases are recognised as a right of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

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

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

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

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

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

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

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is recognised in the consolidated statements of profit or loss and other comprehensive income over the lease term using effective interest rate method.

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

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

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

(c) any initial direct costs; and

(d) reinstatement costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Leases (Continued)

Land	12 years
Office	2 years
Plant and machinery	5 years
Motor vehicle	5–7 years

The Group has applied short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss.

2.18 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 at the end of the reporting period.

2.19 Government grants

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

Government grants relating to costs are deferred and recognised in the consolidated statements of profit or loss and other comprehensive income over the periods necessary to match them with the costs that they are intended to compensate.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Critical judgments in applying accounting policies

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

Revenue recognition of construction works

The Group reviews and revises the estimates of contract revenue and contract costs prepared for construction works contract of the Group as the contract progresses. Progress towards complete satisfaction of performance obligations of construction contract is measured according to the input method of individual contract, which is measured based on the proportion of actual costs incurred relative to the estimated total costs in fulfilling the relevant performance obligations. Contract assets or liabilities are determined based on contract costs incurred, progress billings, any foreseeable losses and recognised profit which is also dependent on estimation of contract costs. The recognition of contract revenue and contract assets or liabilities requires significant management judgment and involves estimation uncertainty.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise subcontractor charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major subcontractors or suppliers involved and the experience of the management. In order to ensure that the total estimated contract costs are accurate and up-to-date such that contract revenue can be estimated reliably, management reviews the contract budget, costs incurred to date and costs to completion regularly.

Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty (Continued)

Fair value estimation on financial asset at FVTPL

The financial asset at FVTPL held by the Group comprise unlisted equity securities. The fair value of financial asset at FVTPL amounting to S$1,418,000 is determined by using the valuation techniques described in note 29.3(i). In determining the fair values, the Group also considers the industry, other market comparable and other prevailing market conditions existing at each balance sheet date.

ECL on trade receivables and contract assets

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

The Group applied the simplified approach by using the provision matrix to measure the lifetime ECL for trade receivable and contract assets. The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgments.

As at 31 December 2020, provision for ECL on trade receivables and contract assets amounted to S$23,000 and S$27,000 (2019: S$19,000 and S$5,000).

Estimated impairment of property, plant and equipment and right-of-use assets

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

As at 31 December 2020, the carrying amounts of property, plant and equipment and right-of-use assets, subject to impairment assessment were S$2,642,000 and S$848,000 (2019: nil and nil) respectively, no impairment losses respect of property, plant and equipment and right-of-use assets have been recognised.

4 REVENUE

An analysis of the Group's revenue for the years ended 31 December 2020 and 2019 is as follows:

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
Contract revenue	**64,221**	76,659
Timing of revenue recognition: Over time	**64,221**	76,659

Transactions price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as at the end of the year:

	As at 31 December	
	2020	2019
	S$'000	S$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied		
— Construction contracts		
To be recognised within 1 year	**33,769**	43,592
To be recognised between 1 to 2 year(s)	**7,023**	—
	40,792	43,592

Management expects that all the transaction price allocated to the unsatisfied performance obligation as of 31 December 2020 and 2019 may be recognised as revenue during reporting period mentioned above. The amounts disclosed above do not include variable consideration which is not highly probable that a significant reversal will not occur.

5 SEGMENT INFORMATION

The Group is principally engaged in the provision of interior fitting-out services in Singapore. Revenue recognised during the year is analysed by the Executive Directors of the Company being the CODMs of the Group. For the purposes of resources allocation and performance assessment, the CODMs review the overall results and financial position of the Group as a whole that were prepared based on the same set of accounting policies as set out in note 2. Accordingly, the Group has a single operating segment and no discrete operating segment financial information is available.

5 SEGMENT INFORMATION (Continued)

(a) Geographical information

The Group's operations are located in Singapore (country of domicile) and Malaysia.

Information about the Group's revenue from external customers is presented based on Singapore. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers Year ended 31 December		Non-current assets (note) As at 31 December	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Singapore (country of domicile)	**64,221**	76,659	**3,372**	3,484
Malaysia	**—**	—	**118**	—
	64,221	76,659	**3,490**	3,484

Note: Non-current assets represented property, plant and equipment and right-of-use assets.

(b) Information about major customers

Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 14.1% and 49.9% (2019: approximately 18.2% and 49.0%) respectively of the Group's total revenue for the year ended 31 December 2020.

The revenue from customers individually contributing over 10% of the total revenue of the Group during the year are as follows:

	Year ended 31 December	
	2020 S$'000	2019 S$'000
Customer A	**N/A[1]**	13,972
Customer B	**9,053**	N/A[1]
	9,053	13,972

Note 1: Revenue from the customer contributed less than 10% of the total revenue of the Group for the respective financial year.

6 OTHER INCOME

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
Government grant (Note a)	**2,336**	20
Others	**5**	1
	2,341	21

Note a: The Group obtained government grants and recognised as income of S$20,000 and S$51,000 from Wage Credit Scheme, Temporary Employment Credit Scheme and Special Employment Credit Scheme for the years ended 31 December 2019 and 2020 respectively. The Group had also obtained a series of government grants to combat COVID-19 amounting to S$2,285,000 for the year ended 31 December 2020 (2019: nil).

7 OTHER GAINS

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
Exchange gain	**—**	5

8 LOSSES ARISING FROM THE TRANSACTIONS

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
Losses on the Transactions (note 20(iv)(a) to (e))	**4,420**	—

9 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
Subcontractor charges (included in cost of sales)	**50,766**	45,672
Cost of materials used	**7,711**	5,501
Employee benefit expenses (including directors' emoluments) (note 10)	**11,874**	13,450
Depreciation of property, plant and equipment (note 16)	**666**	645
Depreciation of right-of-use assets (note 17)	**208**	169
Bad debts written off	**38**	—
Impairment of trade receivables	**4**	—
Impairment of contract assets	**22**	—
Rental expenses	**357**	210
Utilities	**192**	217
Repair and maintenance	**743**	822
Auditors' remuneration		
— Audit services	**499**	101
Listing expenses	**1,442**	2,240
Legal and professional fees	**1,706**	21
Foreign exchange difference, net	**483**	—
Others	**1,124**	1,195
	77,835	70,243
Represented by:		
Cost of sales	**66,803**	60,440
Administrative expenses	**11,032**	9,803
	77,835	70,243

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR'S EMOLUMENTS)

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
Wages, salaries, bonus and allowances	**11,169**	12,632
Pension costs — defined contribution plans	**587**	568
Other employment benefits	**118**	250
	11,874	13,450

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2020 and 2019, include three and three directors, respectively, whose emoluments are reflected in the analysis shown in note 11. The emoluments paid to the remaining two and two individuals during the years ended 31 December 2020 and 2019 respectively, are as follows:

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
Wages, salaries and allowances	**502**	634
Employer's contribution to defined contribution plans	**29**	33
	531	667

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

	Number of individuals Year ended 31 December	
	2020	2019
Emolument band		
HK$1,000,001 – HK$1,500,000	**1**	—
HK$1,500,001 – HK$2,000,000	**1**	2

11 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND THE LISTING RULES)

(a) Directors' emoluments

The remuneration of the directors for each of the years ended 31 December 2020 and 2019 were as follows:

	Fee S$'000	Salaries S$'000	Other allowances and benefits in kind S$'000	Discretionary bonuses S$'000	Employer's contribution to a retirement benefit scheme S$'000	Total S$'000
For the year ended 31 December 2020						
Executive directors						
Mr. Chua Boon Par	**63**	**252**	**9**	**50**	**16**	**390**
Mr. Ding Hing Hui	**35**	**241**	**9**	**—**	**15**	**300**
Mr. Leong Wai Kit	**35**	**237**	**9**	**—**	**15**	**296**
Independent non-executive directors (note a)						
Mr. Chia Kok Seng	**28**	**—**	**—**	**—**	**—**	**28**
Mr. Gay Soon Watt	**28**	**—**	**—**	**—**	**—**	**28**
Mr. Wong Heung Ming Henry	**28**	**—**	**—**	**—**	**—**	**28**
	217	**730**	**27**	**50**	**46**	**1,070**
For the year ended 31 December 2019						
Executive directors						
Mr. Chua Boon Par	21	308	9	24	16	378
Mr. Ding Hing Hui	11	288	9	23	17	348
Mr. Leong Wai Kit	11	287	9	23	17	347
Independent non-executive directors						
Mr. Chia Kok Seng	—	—	—	—	—	—
Mr. Gay Soon Watt	—	—	—	—	—	—
Mr. Wong Heung Ming Henry	—	—	—	—	—	—
	43	883	27	70	50	1,073

Note a: Mr. Chia Kok Seng, Mr. Gay Soon Watt and Mr. Wong Heung Ming, Henry were appointed as the Group's independent non-executive directors on 30 March 2020. During the year ended 31 December 2019, the independent non-executive directors had not been appointed and had not received any remuneration.

There was no arrangement under which a director of the Company waived and agreed to waive and remuneration during the years ended 31 December 2020 and 2019.

11 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND THE LISTING RULES) (Continued)

(b) Directors' retirement benefits and termination benefits

No retirement benefits were paid to or receivable by any directors of the Company in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the years ended 31 December 2020 and 2019.

No payment was made to directors of the Company as compensation for the early termination of the appointment during the years ended 31 December 2020 and 2019.

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

No payment was made to any former employers of directors of the Company for making available the services of them as a director of the Company during the years ended 31 December 2020 and 2019.

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

Save as disclosed in note 32, there were no other loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors of the Company during the years ended 31 December 2020 and 2019.

(e) Director's material interests in transactions, arrangements or contracts

Save as disclosed in note 32, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2020 and 2019.

12 FINANCE COSTS, NET

	Year ended 31 December	
	2020 **S$'000**	2019 S$'000
Finance costs:		
Bank charges	**(10)**	(20)
Performance bond guarantee	**(68)**	(65)
Interest charges		
Lease liabilities	**(27)**	(27)
Borrowings	**(110)**	(23)
Trade financing (note 20(i))	**(188)**	(264)
	(403)	(399)
Finance income:		
Bank deposit	**22**	38
Finance costs, net	**(381)**	(361)

13 INCOME TAX (CREDIT)/EXPENSE

Singapore income tax has been provided at the rate of 17% (2019: 17%) on the estimated assessable profit during the year ended 31 December 2020.

The amount of income tax (credit)/expense charged to the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
Current income tax	**25**	1,533
Overprovision of tax in prior year	**(154)**	—
	(129)	1,533
Deferred income tax expense/(credit) (note 25)	**4**	(90)
Income tax (credit)/expense	**(125)**	1,443

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount as follows:

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
(Loss)/profit before income tax	**(16,074)**	6,081
Tax calculated at tax rate of 17% (2019: 17%)	**(2,733)**	1,034
Difference due to different tax rate	**10**	—
Tax effect of expenses not deductible for tax purpose	**1,505**	441
Tax effect of income not taxable for tax purpose	**(112)**	—
Singapore statutory income exemption	**—**	(17)
Tax effect of tax losses not recognised	**1,365**	—
Overprovision of tax in prior year	**(154)**	—
Others	**(6)**	(15)
	(125)	1,443

14 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2020 and 2019.

	Year ended 31 December	
	2020	2019
(Loss)/profit attributable to equity holders of the Company (S$'000)	**(15,949)**	4,638
Weighted average number of ordinary shares in issue ('000)	**913,251**	750,000
Basic (loss)/earnings per share in Singapore cents	**(1.75)**	0.62

Weighted average of 750,000,000 ordinary shares for the year ended 31 December 2019, being the number of shares in issue immediately after the completion of capitalisation issue of shares as detailed in note 23, are deemed to have been issued throughout the year ended 31 December 2019.

Weighted average of 913,251,366 ordinary shares for the year ended 31 December 2020 is calculated based on the weighted average of approximately 250,000,000 ordinary shares issued upon the share offer as detailed in note 23 during the year ended 31 December 2020, in addition to the aforementioned 750,000,000 ordinary shares for the year ended 31 December 2020.

There were no potential dilutive ordinary shares outstanding for the years ended 31 December 2020 and 2019, and hence the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

15 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation or during the years ended 31 December 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

16 PROPERTY, PLANT AND EQUIPMENT

	Building S$'000	Renovation S$'000	Plant and equipment S$'000	Motor vehicles S$'000	Furniture and fittings S$'000	Total S$'000
Year ended 31 December 2020						
Opening net book amount	**2,303**	**—**	**342**	**83**	**10**	**2,738**
Additions	**—**	**50**	**279**	**238**	**6**	**573**
Disposal	**—**	**—**	**(3)**	**—**	**—**	**(3)**
Depreciation	**(446)**	**(4)**	**(167)**	**(44)**	**(5)**	**(666)**
Closing net book amount	**1,857**	**46**	**451**	**277**	**11**	**2,642**
As at 31 December 2020						
Cost	**5,460**	**519**	**1,558**	**784**	**107**	**8,428**
Accumulated depreciation	**(3,603)**	**(473)**	**(1,107)**	**(507)**	**(96)**	**(5,786)**
Net book value	**1,857**	**46**	**451**	**277**	**11**	**2,642**
Year ended 31 December 2019						
Opening net book amount	2,748	2	425	129	11	3,315
Additions	—	—	65	—	3	68
Depreciation	(445)	(2)	(148)	(46)	(4)	(645)
Closing net book amount	2,303	—	342	83	10	2,738
As at 31 December 2019						
Cost	5,460	469	1,291	545	101	7,866
Accumulated depreciation	(3,157)	(469)	(949)	(462)	(91)	(5,128)
Net book value	2,303	—	342	83	10	2,738

As at 31 December 2020 and 2019, the building has been pledged to a bank in respect of performance bond guarantee and the trade financing provided for the Group.

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation of the Group's property, plant and equipment has been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
Cost of sales	**393**	388
Administrative expenses	**273**	257
	666	645

17 LEASES

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

	As at 31 December	
	2020	2019
	S$'000	S$'000
Right-of-use assets		
Land	**275**	349
Building	**254**	—
Plant and equipment	**114**	131
Motor vehicles	**205**	266
Total right-of-use assets	**848**	746
Lease liabilities		
Current	**281**	143
Non-current	**580**	582
Total lease liabilities	**861**	725

17 LEASES (Continued)

(a) Amounts recognised in the consolidated statement of financial position (Continued)

Additions to the right-of-use assets for the years ended 31 December 2019 and 2020 were S$166,000 and S$319,000 respectively.

The lease liabilities of S$183,000 as at 31 December 2019 were secured by personal guarantees by directors and shareholders. The guarantees provided by the director and shareholder, Mr. Chua Boon Par, had been released upon the Listing in exchange of a corporate guarantee given by the Company.

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

	Year ended 31 December	
	2020 **S$'000**	2019 S$'000
Depreciation charge of right-of-use assets		
Land	**65**	65
Building	**30**	—
Plant and equipment	**52**	45
Motor vehicle	**61**	59
	208	169
Interest expense	**27**	27
Expense relating to short-term lease	**357**	209
	384	236

The total cash outflow for leases liabilities during the years ended 31 December 2019 and 2020 were S$171,000 and S$201,000 respectively.

(c) Variable lease payments

The land lease contains variable payment term that rent is subject to annual revision based on the market rent rate. Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date and lease liabilities are remeasured when there is a change to reflect changes in market rental rates following a market rent review. The lease liability shall be remeasured to reflect those revised lease payments only when there is a change in the cash flows (i.e. when the adjustment to the lease payments takes effect).

Adjustments for variable rent were a decrease of nil and S$9,000 respectively for the years ended 31 December 2019 and 2020.

18 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020	2019
	S$'000	S$'000
Beginning of financial year	**—**	—
Acquisition	**1,418**	—
End of financial year	**1,418**	—

The amount represents unlisted equity shares with initial investment costs of HK$8,300,000 (equivalent to approximately S$1,418,000) which is measured at FVTPL.

The fair value was determined by the directors of the Company with reference to the statement provided by a security brokerage company. The fair value measurement for the financial asset at FVTPL was categorised as level 3. The level 3 unobservable inputs used by the Group are disclosed in note 29.3.

Subsequent to the end of the reporting period, the Group requested to terminate the investment agreement on 1 March 2021, and the amount of HK$8,689,000 (equivalent to approximately S$1,478,000) (including the investment costs and a holding profit of HK$389,000) (equivalent to approximately S$60,000) and a remaining balance of the prepaid asset management fee HK$310,000 (equivalent to approximately S$53,000) (see note 20(iv)) together with the monies placed in a designated brokerage account as set out in the investment agreement of HK$622,000 (equivalent to approximately S$106,000) (see note 20(iv)) was refunded to the Group in July 2021.

19 CONTRACT ASSETS AND CONTRACT LIABILITIES

The following table sets out the contract assets and contract liabilities:

	As at 31 December	
	2020	2019
	S$'000	S$'000
Contract assets	**29,159**	27,874
Less: provision for ECL	**(27)**	(5)
	29,132	27,869
Contract liabilities	**(278)**	—
	28,854	27,869

Movement in contract assets (net of loss allowance):

	Year ended 31 December	
	2020	2019
	S$'000	S$'000
At the beginning of the year	**27,869**	15,592
Revenue recognised during the year	**64,102**	75,992
Progress billing during the year	**(62,817)**	(63,715)
Impairment of contract assets	**(22)**	—
At the end of the year	**29,132**	27,869

19 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Movement in contract liabilities

	As at 31 December	
	2020	2019
	S$'000	S$'000
At the beginning of the year	**—**	234
Receipt from customers	**397**	432
Revenue recognised upon the provision of project works	**(119)**	(666)
At the end of the year	**278**	—

Contract assets represent the Group's right to consideration from customers for the provision of interior fitting-out services to customers that is not yet due for billing, as the rights are conditioned on the Group's future performance in satisfying the respective performance obligations at each reporting date. The contract assets arises when: (i) the Group completed the relevant services under such contracts and pending certification by the customers; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (i.e. defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified as trade receivables at the point when it becomes due for billing and is invoiced to the customer. After the Group's customers and/or the professional consultants of the projects certified the Group's progress claims and after the Group issued the billings, contract assets would be reclassified as trade receivables.

Included in contract assets, there were retention receivables amounting to S$3,601,000 (2019: S$3,179,000), representing certain percentage of the total contract sum held by the Group's customers. Depending on the contract terms, the Group's customers may hold up a certain percentage of each payment (including progress payment) made to the Group as retention money. Retention money is normally equivalent to 2.5% to 10.0% of the value of works done and subject to a maximum 5.0% of the total contract sum. Typically, half of the retention money is released upon handover of the project and the remaining amount will be released upon expiry of the defect liability period of around 12 months. The defect liability period commences on the date of the certificate of completion issued by the customer. Thus, the amount of retention receivables as at the end of the reporting year depends on the completion of the project and the defect liability year.

Contract liabilities represent the Group's obligation to transfer project works to customers for which the Group has received consideration in advance from the customers according to progress billing arrangement stated in the contracts.

19 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract assets and liabilities are normally affected by (i) the number, value and stage of projects on hand; (ii) the amount of works completed by the Group at the time close to the end of each reporting year, by reference to the actual costs incurred to date and the total budgeted costs for the projects; (iii) the timing to certify the application of payment progress for billings, which may vary from period to period; (iv) amount of works certified by the Group's customers or the professional consultant of the project and (v) depending on the contract terms, the amount of the retention money held by the Group's customers yet to be released.

The Group considered that the provision for ECL of contract assets is sufficient as the customers of the Group are reputable organisations.

20 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December	
	2020	2019
	S$'000	S$'000
Trade receivables	**9,738**	7,157
Less: provision for allowance for doubtful debts	**(23)**	(19)
Trade receivables, net	**9,715**	7,138
Prepayments	**611**	75
Deposits	**746**	710
Deferred listing expenses	**—**	1,001
Monies placed in brokerage account	**106**	—
Other receivables (note)	**467**	9
	1,930	1,795
Total	**11,645**	8,933

Note: The receivable in the amount of S$466,000 (2019: nil) related to Jobs Support Scheme receivable which is granted by the Singapore government.

The carrying amounts of trade and other receivables approximate their fair values.

The Group's trade and other receivables are denominated in S$.

20 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The Group normally grants credit terms to its customers of up to 65 days. The ageing analysis of the gross amounts of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2020	2019
	S$'000	S$'000
0–30 days	**8,720**	3,590
31–60 days	**403**	2,081
61–90 days	**376**	1,041
Over 90 days	**239**	445
	9,738	7,157

(i) Transferred receivables

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement with full recourse basis. Under this arrangement, the Group has transferred the relevant receivables to the bank in exchange for approximately 80% of cash and is prevented from selling or pledging the receivables. However, the Group has still retained the credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its consolidated statement of financial position. The amount repayable under the factoring agreement is presented as trade financing. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortised cost.

	As at 31 December	
	2020	2019
	S$'000	S$'000
Transferred receivables	**7,948**	4,154
Associated trade financing borrowing (note 24)	**6,359**	3,323

(ii) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amounts are considered to be the same as their fair values.

(iii) Impairment and risk exposure of trade receivables

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables and contract assets. Please refer to note 29.1(b) for details about the provision for ECL. During the year ended 31 December 2020, the amounts of provision charged to the consolidated statement of profit or loss and other comprehensive income were S$4,000 (2019: nil)

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables mentioned above. The Group does not hold any collateral as security.

20 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(iii) Impairment and risk exposure of trade receivables (Continued)

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed when necessary. The majority of the Group's trade receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history.

The Group does not charge interest or hold any collateral over these balances.

Allowance for doubtful debts is recognised against trade receivables based on estimated irrecoverable amounts determined by reference to individual customer's credit quality. In determining the recoverability of a trade receivable, the management of the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period, and no impairment was considered necessary for those balances which are not past due at each reporting date.

In the opinion of the management, the trade receivables at the end of each reporting period are of good credit quality. Considering the high creditability of these customers, the good track record with the Group and the subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

(iv) Prepayments

As mentioned in note 1.1 to the consolidated financial statements, the Company completed its initial public offering with its shares listed on the Main Board on 7 May 2020. During the year ended 31 December 2020, the Company entered into several agreements with a number of parties, and the directors of the Company represented that these service providers, were advisory or consulting firms and were independent of the Group and not related to any of the directors of the Company relating to the following services:

(a) provision of consultancy services for a period of three years starting from May 2020 in respect of financial and business matters and internal control matters of HK$9,500,000 (equivalent to approximately S$1,738,000) and HK$3,000,000 (equivalent to approximately S$549,000) respectively;

(b) provision of business consultancy and management services of HK$1,800,000 (equivalent to approximately S$324,000);

(c) provision of exclusive facilitator-services for restructuring and acquisition of HK$6,250,000 (equivalent to approximately S$1,143,000);

(d) provision of advertising and sponsorship services in relation to a weekly finance television program of HK$1,800,000 (equivalent to approximately S$324,000) and newspaper placement services of HK$1,200,000 (equivalent to approximately S$216,000);

(e) provision of public relations and communication services of HK$700,000 (equivalent to approximately S$126,000);

20 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(iv) Prepayments (Continued)

(f) provision of investment advisory services and retainer services for two years of HK$2,000,000 starting from June 2020 (equivalent to approximately S$359,000); and

(g) asset management fee of HK$558,000 (equivalent to approximately S$95,000) in respect of an unlisted investment of HK$8,300,000 (equivalent to approximately S$1,418,000) which is measured at financial asset at FVTPL (note 18), in which the amount of HK$62,000 (equivalent to approximately S$10,000) was recognised in profit or loss and HK$496,000 (equivalent to approximately S$85,000) was recorded as prepayment as at 31 December 2020 as the directors of the Company believed that such an amount was recoverable.

Items (a) to (f) above are collectively referred to as the "**Transactions**" of which the majority were entered into by the Company one month before or after the initial public offering of the shares of the Company on the Main Board.

In the opinion of the directors of the Company, the abovementioned Transactions were related to (i) expansion of the Group's business and/or operations outside of Singapore ordinary business and (ii) the increase of the returns on idle funds through investment which are consistent with the Group's plans to expand the business and operations and also the use of the additional cash generated from the initial public offering.

However, the Group has recognised a loss on these Transactions amounting to approximately HK$24,250,000 (equivalent to approximately S$4,420,000) for the year ended 31 December 2020 for the above items (a) to (e) to fully write down the carrying amount of these prepayments, because the directors of the Company believed that the amounts were irrecoverable.

For item (f) above, the amount paid during the year ended 31 December 2020 amounted to HK$2,000,000 (equivalent to approximately S$359,000) being recorded as a prepayment (included in prepaid expenses (see note 33) to the consolidated financial statements) as the directors of the Company believed that such an amount was recoverable. Subsequent to the end of the reporting period, the Group has terminated the agreement and requested for refund and the amount of HK$2,000,000 (equivalent to approximately S$359,000) has been refunded to the Group in June and July 2021.

For item (g) above, subsequent to the end of the reporting period, the Group has terminated such investment agreement and the remaining balance of prepaid asset management fee after netting off against the asset management fee to be recognised in profit or loss during 1 January 2021 to 30 June 2021 (i.e. the date of realisation of such asset), amounting to HK$310,000 (equivalent to approximately S$53,000), together with the monies placed in brokerage account (which included in other receivables) of HK$622,000 (equivalent to approximately S$106,000) have been refunded to the Group in July 2021.

21 PLEDGED FIXED DEPOSITS

	As at 31 December	
	2020	2019
	S$'000	S$'000
Pledged bank deposits — current	**1,588**	1,560

The average effective interest rates per annum for the years ended 31 December 2020 and 2019 were set out as follows:

	As at 31 December	
	2020	2019
	S$'000	S$'000
Fixed deposits pledged	**1.3%**	1.6%

As at 31 December 2020 and 2019, fixed deposits have been pledged to bank in respect of performance bond guarantee provided for the Group.

22 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2020	2019
	S$'000	S$'000
Cash at bank	**17,066**	2,625
Cash on hand	**4**	3
	17,070	2,628

23 SHARE CAPITAL OF THE COMPANY

The shares of the Company were successfully listed on the Main Board on 7 May 2020 by way of placing of 225,000,000 ordinary shares and public offer of 25,000,000 ordinary shares at the price of HK$0.50 per share (the "**Share Offer**").

	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At the date of incorporation on 7 January 2019 and 31 December 2019	38,000,000	380
Increase in authorised share capital (note (a))	9,962,000,000	99,620
As at 31 December 2020	10,000,000,000	100,000

	Number of ordinary shares	Nominal value of ordinary shares S$'000
Issued and fully paid:		
At the date of incorporation on 7 January 2019	1	—
At 31 December 2019	1	—
Issuance of shares pursuant to the Reorganisation (note (b))	99	—
Share capitalisation (note (c))	749,999,900	1,372
Issuance of shares pursuant to the Share Offer	250,000,000	457
At 31 December 2020	1,000,000,000	1,829

Notes:

(a) On 7 January 2019, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. As at the time of its incorporation, one share was allotted and issued in nil paid form to the initial subscriber, an independent third party. The said share was transferred to Ultimate Global on the same day.

(b) On 30 March 2020, the Company acquired the entire issued share capital of Ngai Chin from the Ultimate Shareholders. In settlement of the aforesaid consideration, the Company allotted and issued 99 shares credited as fully paid, to Ultimate Global at the instruction of the Ultimate Shareholders. Following the completion of the above acquisition, Ngai Chin became an indirect wholly-owned subsidiary of the Company.

(c) Pursuant to the written resolution of the then sole shareholder of the Company dated 30 March 2020, it was resolved that the authorised share capital of the Company increased from HK$380,000 to HK$100,000,000 by the creation of additional 9,962,000,000 shares; and conditional on the share premium account of the Company being credited as a result of the Share Offer, an amount of HK$7,499,999 which will then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 749,999,900 shares for allotment, rank pari passu in all respects with all the then existing shares.

24 BORROWINGS

	As at 31 December	
	2020	2019
	S$'000	S$'000
Trade financing from bank		
— Trade receivable	**6,359**	3,323
— Trade payable	**3,121**	—
Bank loan	**4,583**	2,000
	14,063	5,323

	As at 31 December	
	2020	2019
	S$'000	S$'000
The carrying amounts of the above borrowings are repayable*:		
Within one year	**1,000**	—
Within a period of more than one year but not exceeding two years	**1,000**	—
Within a period of more than two years but not exceeding five years	**2,583**	—
	4,583	—
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**9,480**	5,323
	9,480	5,323
Total borrowings	**14,063**	5,323
Less: amounts due within one year shown under current liabilities	**(10,480)**	(5,323)
Amounts shown under non-current liabilities	**3,583**	—

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

24 BORROWINGS (Continued)

The average effective interest rates per annum at the end of each years ended 31 December 2020 and 2019 were set out as follows:

	As at 31 December	
	2020 S$'000	2019 S$'000
Floating interest rate		
— Trade financing	**2.23%–3.79%**	3.7%–4.01%
— Bank loan	**3.23%–4.84%**	4.84%–4.96%
Fixed interest rate		
— Bank loan	**2.25%**	—

The carrying amounts of the Group's borrowings approximate their fair values as at 31 December 2019 and 2020 are denominated in S$.

The total banking facilities granted to the Group amounted to S$27,000,000 (2019: S$17,000,000), of which S$22,000,000 (2019: S$17,000,000) from the facilities of trade financing and specific advance facilities and loan facilities of S$5,000,000 (2019: nil) as at 31 December 2020.

The Group has entered into certain supplier finance arrangements with a bank. Under these arrangements, the bank pays suppliers the amounts owed by the Group in advance of the original due dates. The Group's obligations to suppliers are legally extinguished on settlement made by the relevant bank.

As at 31 December 2019, total bank borrowings of S$5,323,000 were secured by personal joint and several guarantee by shareholders, Mr. Chua Boon Par, Mr. Ding Hing Hui, Mr. Leong Wai Kit, Mr. Ng Foo Wah and Mr. Lo Lek Chew. The guarantees provided by these shareholders had been released upon the Listing in exchange of a corporate guarantee given by the Company.

The undrawn borrowing facilities as at 31 December 2020 and 2019 were set out as follows:

	As at 31 December	
	2020 S$'000	2019 S$'000
Floating rate		
— Expiring within one year	**12,520**	11,677

The facilities expiring within one year from the balance sheet date are facilities subject to annual review. The other facilities are arranged mainly to help finance the Group's proposed expansion.

25 DEFERRED INCOME TAX

The movements in the deferred income tax liabilities of the Group during the year are as follows:

	Accelerated tax depreciation	
	As at 31 December	
	2020 **S$'000**	2019 S$'000
Beginning of the year	**7**	97
Charged/(credited) to the consolidated statement of profit or loss and other comprehensive income (note 13)	**4**	(90)
End of the year	**11**	7

The Group has unrecognised tax losses of S$7,682,000 (2019: nil) and capital allowances of S$348,000 (2019: nil) as at 31 December 2020 which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

No deferred tax asset has been recognised in respect of the unrecognised tax losses and capital allowance due to the unpredictability of future profit streams.

26 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals comprise the following:

	As at 31 December	
	2020	2019
	S$'000	S$'000
Trade payables	**14,104**	8,334
Accruals for project cost	**17,836**	13,915
Other payables and accruals		
— Accrued expenses	**2,004**	447
— Accrued listing expenses	**—**	1,122
— Deferred income	**561**	—
— Good and services tax payables	**940**	413
— Others	**—**	3
	35,445	24,234

Included in accruals for project cost is retention payable amounting to S$2,921,000 (2019: S$2,624,000). The retention payables to subcontractors are interest-free and payable after the completion of maintenance period or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works.

The aging analysis of the trade payables based on invoice date as at 31 December 2020 and 2019 is as follows:

	As at 31 December	
	2020	2019
	S$'000	S$'000
0–30 days	**5,826**	3,780
31–60 days	**2,776**	1,833
61–90 days	**1,692**	220
Over 90 days	**3,810**	2,501
	14,104	8,334

The credit period on purchases from suppliers and subcontractors as at 31 December 2020 is 30 to 90 days (2019: 30 to 90 days) or payable upon delivery.

The carrying amounts of trade and other payables and accruals approximate their fair values due to their short maturities.

The Group's trade and other payables and accruals are mostly denominated in S$.

27 COMMITMENTS

Short-term lease commitments — Group as leases

The Group leases land from third parties under non-cancellable lease agreements. The future aggregate minimum lease payments under non-cancellable leases in respect of land leases are as follows:

	Year ended 31 December	
	2020 S$'000	2019 S$'000
Not later than 1 year	**422**	240

28 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2020 S$'000	2019 S$'000
Financial assets as per consolidated statement of financial position		
Financial assets measured at amortised cost		
— Trade and other receivables and deposits	**11,034**	7,857
— Cash and cash equivalents	**17,070**	2,628
— Pledged bank deposits	**1,588**	1,560
Financial asset at FVTPL	**1,418**	—
Total	**31,110**	12,045
Financial liabilities as per consolidated statement of financial position		
Financial liabilities measured at amortised cost		
— Trade and other payables	**34,505**	23,820
— Borrowings	**14,063**	5,323
Lease liabilities	**861**	725
Total	**49,429**	29,868

29 FINANCIAL RISK MANAGEMENT

29.1 Financial risk factors

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

Risk management is carried out by the management of the Group. Formal and informal management meetings are held to identify significant risks and to develop procedures to deal with any risks in relation to the Group's businesses.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities denominated in a currency that is not the entity's functional currency. The Group has no significant foreign exchange risk as the Group mainly operates in Singapore with majority of the transactions settled in Singapore Dollars.

(ii) Interest rate risk

The Group has no significant interest-bearing assets except for cash at bank and fixed deposits, which earn low interest income. The Group's exposures to change in interest rates are mainly attributable to its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

If interest rates on borrowings and lease liabilities had been 100 basis points fluctuated with all other variables held constant, the Group's post-tax profit for the year ended 31 December 2020 would have been affected by S$201,000 (2019: S$238,000).

(iii) Other price risk

The Group is exposed to equity price risk through its investment in an equity security measured at FVTPL. The Group invested in an unquoted equity security for investee operating in construction industry sector for long term strategic purposes which had been designated as FVTPL. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

In the opinion of the directors, the sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were not presented since the sensitivity analysis did not give additional information to the financial statement users as the investments had been fully disposed of subsequent to the end of the reporting period.

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposures to trade and other receivables.

(i) Risk management

Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

The Group trades only with recognised and creditworthy third parties. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

(ii) Impairment of financial assets

The Group has four types of financial assets that are subject to the ECL model:

- cash and cash equivalents and bank deposits
- trade receivables
- contract assets relating to construction contracts
- other receivables

While cash and cash equivalents and pledged fixed deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. Cash at bank and fixed deposit are mainly deposited in regulated banks with high credit ratings assigned by international credit agencies.

The Group applies the simplified approach to perform impairment assessment under ECL model, which permits the use of the lifetime expected loss provision for trade receivables and contract assets, and other receivables.

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for the customers. The Group's internal credit risk grading assessment comprises the following categories:

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

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables and contract assets

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

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and contract assets and is adjusted for forward-looking estimates.

For the year ended 31 December 2020:

	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
Default rate	0.08%	0.16%	0.97%	0.31%	4.69%	0.13%
Gross carrying amount S$'000	37,269	621	411	319	277	38,897
Lifetime ECL S$'000	31	1	4	1	13	50

For the year ended 31 December 2019:

	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
Default rate	0.03%	0.07%	0.43%	0.63%	2.86%	0.07%
Gross carrying amount S$'000	32,286	1,413	928	159	245	35,031
Lifetime ECL S$'000	11	1	4	1	7	24

In respect of the "current" category included in the tables above, the gross carrying amount and lifetime ECL of contract assets amounted to S$29,159,000 (2019: S$27,874,000) and S$27,000 (2019: S$5,000) respectively.

As at 31 December 2020, the Group has assessed that the expected loss rate for trade receivables and contract assets were less than 1%, given there is no history of significant defaults from customers and immaterial impact from forward-looking macroeconomic factors that are available without undue cost or effort. Provision for ECL on trade receivables and contract assets amounted to S$50,000 was recognised during the year ended 31 December 2020.

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables

The Group adopts the general approach for ECL of other receivables and consider that these financial assets have not significantly increased in credit risk from initial recognition. Thus, these financial assets are classified in stage one and only consider 12-month ECL.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, and when the interest and/or principal repayment are 30 days past due. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

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

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

There is no other receivables balance that is past due and/or impaired. On that basis, the Group determined that the risk of default by counterparties is low based on their credit history. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. There is immaterial loss provision required for other receivables as at 31 December 2020 and 2019 based on historical recoverability experience and creditability of its debtors.

A default on a financial asset is when the counterparty fails to make contractual payments within 120 days when they fall due. Trade and other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

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

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Financial risk factors (Continued)

(c) Liquidity risk and basis of preparation of going concern

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major lenders to meet its liquidity requirements in the short and longer term.

For the year ended 31 December 2020, the Group incurred a loss of approximately S$15,949,000. The Group's bank balances and cash as at 31 December 2020 amounted to approximately S$17,070,000 as compared to the Group's borrowings approximately S$14,063,000, of which S$10,480,000 are repayable within the next twelve months from the end of the reporting period, and a net cash outflow of S$3,845,000 used in the operating activities for the year ended 31 December 2020. In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and are of the opinion that the cash flow generated from operating activities and certain appropriate financing-activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest bearing borrowings.

In order to improve the Group's financial position, the directors of the Company have been implementing various measures as follows:

(i) taking active measures to collect trade receivables and contract assets to improve operating cash flows and its financial position;

(ii) negotiating with respective lenders to renew and extend the existing borrowings upon their maturities, of which there is unutilised banking facilities of approximately S$12,520,000 (as details in note 24) as at 31 December 2020 as stand-by facilities for meeting immediate obligations when they fall due;

(iii) reviewing its investments and to realise certain financial asset at fair value through profit or loss of S$1,418,000 (as details in note 18), in order to enhance the cash flow position of the Group; and

(iv) implementing active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group.

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Financial risk factors (Continued)

(c) Liquidity risk and basis of preparation of going concern (Continued)

The directors of the Company have carried out detailed review on the Group's cash flow projections prepared by management including preparation and an analysis of the cash flow projections covering a period of not less than twelve months from the end of the reporting period. In preparing the cash flow forecast, the directors of the Company have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next twelve-month period. The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period and hence the Group's consolidated financial statements have been prepared on a going concern basis.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities (note 24) to meet obligations when due. At the balance sheet date, assets held by the Group for managing liquidity risk included cash and cash equivalents as disclosed in note 22.

Management monitors rolling forecasts of the liquidity reserve comprises undrawn borrowing facility (note 24) and cash and cash equivalents (note 22) of the Group on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows by considering the level of liquid assets necessary to meet these obligations, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Weighted average effective interest rate	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years	Total
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
As at 31 December 2020							
Trade and other payables	**—**	**—**	**34,505**	**—**	**—**	**—**	**34,505**
Borrowings	**2.25%**	**9,530**	**1,091**	**1,068**	**2,655**	**—**	**14,344**
Lease liabilities	**3.54%**	**—**	**280**	**261**	**347**	**2**	**890**
As at 31 December 2019							
Trade and other payables		—	23,820	—	—	—	23,820
Borrowings	4.42%	5,347	—	—	—	—	5,347
Lease liabilities	3.54%	—	167	311	282	52	812

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Financial risk factors (Continued)

(c) Liquidity risk and basis of preparation of going concern (Continued)

Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the banks will exercise their discretions to demand immediate repayment. The directors believe that such loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreement.

29.2 Capital Risk Management

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity as shown in consolidated statement of financial position. Total debt represents borrowings plus lease liabilities, and total capital is calculated as combined capital plus (accumulated loss)/retained earnings.

The gearing ratios as at 31 December 2020 and 2019 were as follows:

	As at 31 December	
	2020	2019
	S$'000	S$'000
Borrowings	**14,063**	5,323
Lease liabilities	**861**	725
Total debt	**14,924**	6,048
Total equity	**13,472**	12,409
Gearing ratio	**110.8%**	48.7%

29 FINANCIAL RISK MANAGEMENT (Continued)

29.3 Fair value estimation

(i) Fair value hierarchy

The table below presents the asset measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
As at 31 December 2020				
FVTPL	—	—	1,418	1,418

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is determined based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There is no transfer of financial assets or financial liabilities between level 1 to level 3 in the year. See note 18 for disclosures relevant to financial asset at FVTPL.

The fair value was determined by the directors of the Company with reference to the statement provided by a security brokerage company. The fair value measurement for the financial asset at FVTPL was categorised as level 3.

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

This section sets out the reconciliation of liabilities arising from financing activities for the years ended 31 December 2020 and 2019.

	1 January 2020 S$'000	Adjustment for variable rent S$'000	Addition to new lease S$'000	Draw down S$'000	Principal repayments S$'000	Interest paid S$'000	Interest accretion S$'000	31 December 2020 S$'000
Lease liabilities	**725**	**(9)**	**319**	**—**	**(174)**	**(27)**	**27**	**861**
Borrowings	**5,323**	**—**	**—**	**35,421**	**(26,681)**	**(376)**	**376**	**14,063**
	6,048	**(9)**	**319**	**35,421**	**(26,855)**	**(403)**	**403**	**14,924**

	1 January 2019 S$'000	Adjustment for variable rent S$'000	Addition to new lease S$'000	Draw down S$'000	Principal repayments S$'000	Interest paid S$'000	Interest accretion S$'000	31 December 2019 S$'000
Lease liabilities	703	—	166	—	(144)	(27)	27	725
Borrowings	6,297	—	—	36,607	(37,581)	(372)	372	5,323
	7,000	—	166	36,607	(37,725)	(399)	399	6,048

31 PERFORMANCE BONDS

Some of the projects require the Group to provide an insurance performance bond or insurance performance guarantee issued by a licensed bank in Singapore to the Group's customers (typically between 5.0% to 10.0% of the contract value), which will remain in effect until the expiry of the defects liability period. The duration of the performance bond or performance guarantee typically covers the contractual period of the project and an additional period corresponding to the defects liability period.

As at 31 December 2020, performance guarantees of S$5,411,000 (2019: S$5,511,000), were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantees will be released upon completion of the contract works. The performance guarantees were granted under the banking facilities of the Group as set out in notes 16, 21 and 24. None of the Group's customers has enforced the insurance performance bond or insurance performance guarantee provided by the Group during the year ended 31 December 2020 (2019: none).

In the opinion of the directors of the Company, it is not probable that a claim will be made against the Group in respect of the above performance guarantees.

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the year:

Name of related parties	Relationship with the Group
Lo Lek Chew	Shareholder of the Company
Low Lek Huat	Shareholder of the Company
Low Lek Hee	Senior Management and Shareholder of the Company
Chua Boon Par	Common Director and Shareholder of the Company
Ding Hing Hui	Common Director and Shareholder of the Company
Leong Wai Kit	Common Director and Shareholder of the Company
Ng Foo Wah	Senior Management and Shareholder of the Company

There is no transaction or balance with a related company or corporations outside of the Group.

(a) 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 Company are considered as key management personnel of the Group.

Compensation of key management personnel of the Group, including directors' remuneration, is disclosed in note 11 to the consolidated financial statements.

(b) Transactions with related parties

During the years ended 31 December 2020 and 2019, the remuneration received by related parties is as follows:

	2020 S$'000	2019 S$'000
Wages, salaries, bonus and allowances	**489**	610
Pension costs — defined contribution plan	**25**	31
	514	641

32 RELATED PARTY TRANSACTIONS (Continued)

(c) Guarantees by the directors and shareholders of the Company

As at 31 December 2020 and 2019, the Group's banking facility is secured by personal joint and several guarantees by the directors and shareholders as follows:

	As at 31 December	
	2020 S$'000	2019 S$'000
Joint and several guarantee	**—**	35,200

The details of the guarantees given by related parties in respect of trade financing agreements and hire purchase arrangements are set out in notes 24 and 17 to the consolidated financial statements.

33 PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The following is a list of principal subsidiaries of the Company as at 31 December 2020:

Name of companies	Principal activities	Country of operation/ incorporation	Date of incorporation	Issued or registered/ paid up capital	Effective interest held as at 31 December	
					2020	2019
Directly held by the Company						
Flourishing Honour Limited	Investment holding	BVI	27 July 2018	US$1	**100%**	100%
Indirectly held by the Company						
Ngai Chin Construction Pte. Ltd.	Construction, interior decoration and renovation, including manufacturing and supply of furniture and fittings	Singapore	30 June 1986	S$1,500,000	**100%**	100%
Ngai Chin Construction Sdn. Bhd.	Manufacturing and supply of furniture and fittings	Malaysia	9 July 2020	RM400,000	**100%**	—

34 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	As at 31 December 2020 S$'000	As at 31 December 2019 S$'000
ASSETS			
Non-current assets			
Investment in a subsidiary		—	—
Amounts due from subsidiaries		12,000	—
		12,000	—
Current assets			
Prepaid expenses	20(iv)(f)	423	—
Deferred listing expenses	20	—	1,001
Cash and cash equivalents		334	—
		757	1,001
Total assets		12,757	1,001
EQUITY			
Equity attributable to the owners of the Company			
Share capital	23	1,829	—
Share premium		29,730	—
Accumulated losses		(20,182)	(3,109)
Total equity/(deficit)		11,377	(3,109)
LIABILITIES			
Current liabilities			
Accrued listing expenses	26	—	1,122
Accruals		1,380	—
Amounts due to subsidiaries		—	2,988
Total liabilities		1,380	4,110
Total equity and liabilities		12,757	1,001

34 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (Continued)

	Share premium S$'000	Accumulated losses S$'000	Total S$'000
At 7 January 2019 (date of incorporation)	—	—	—
Loss for the period	—	(3,109)	(3,109)
Total comprehensive expense for the period	—	(3,109)	(3,109)
Balance at 31 December 2019	—	(3,109)	(3,109)
Balance at 1 January 2020	—	(3,109)	(3,109)
Loss for the year	—	(17,073)	(17,073)
Total comprehensive expense for the year	—	(17,073)	(17,073)
Issuance of shares upon reorganisation	14,547	—	14,547
Share capitalisation	(1,372)	—	(1,372)
Issue of shares pursuant to the Share Offer	22,411	—	22,411
Share issuance expenses	(5,856)	—	(5,856)
Total transactions with owners in their capacity as owners	29,730	—	29,730
Balance at 31 December 2020	29,730	(20,182)	9,548

35 IMPACT OF COVID-19 PANDEMIC

Singapore imposed a strict lockdown period between 7 April 2020 and 1 June 2020, which included the closure of entertainment venues, food establishments, places of worship, non-essential services, and schools. This was followed by the outbreak in worker dormitory. The Group was not able to resume operation until the approval from Ministry of Manpower of Singapore.

Businesses have been impacted by the delay in tendering process which delayed the commencement date of new projects, delayed the progress of existing projects, caused a reduction, all of which in newly-awarded contracts, caused subsequent reduction in project work scope, and led to workforce disruption have negatively impacted business operations, resulting in a negative impact on the Group's financial performance for 2020.

Singapore had brought the pandemic under control, with lower number of daily reported cases. The Group has considered the market conditions and outlook including the impact of COVID-19 pandemic as at the balance sheet date and assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

In view that the Group had resumed its operation and was able to run with full capacity, management expects the outlook for the coming year to be positive. Management will continue to closely monitor the development of the COVID-19 outbreak and its related impact on the Company's businesses.

36 CONTINGENT LIABILITIES

The Group had no material contingent liabilities outstanding as at 31 December 2020 and 2019.

37 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(i) As details in note 18, subsequent to the end of the reporting period, the Group requested to terminate the investment agreement on 1 March 2021, and the amount of HK$8,689,000 (approximately equivalent to S$1,478,000) (including the investment costs and a holding profit of HK$389,000) (approximately equivalent to S$60,000) and a remaining balance of the prepaid asset management fee HK$310,000 (approximately equivalent to S$53,000) together with the monies placed in brokerage account of HK$622,000 (equivalent to approximately S$106,000) was refunded to the Group in July 2021.

(ii) As detailed in note 20(iv)(f), subsequent to the end of the reporting period, the Group has terminated that service agreement and the requested for refund and the amount of HK$2,000,000 (equivalent to approximately S$359,000) has been refunded to the Group in June and July 2021.

SUMMARY OF FINANCIAL INFORMATION

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

	Year ended 31 December			
	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000
Revenue	**64,221**	76,659	81,167	71,776
Cost of sales	**(66,803)**	(60,440)	(65,820)	(56,507)
Gross (loss)/profit	**(2,582)**	16,219	15,347	15,269
Other income	**2,341**	21	51	76
Other gains	**—**	5	8	—
Administrative expenses	**(15,452)**	(9,803)	(7,487)	(6,183)
Finance (costs)/income, net	**(381)**	(361)	115	80
(Loss)/profit before income tax	**(16,074)**	6,081	8,034	9,242
Income tax credit/(expense)	**125**	(1,443)	(1,594)	(1,316)
(Loss)/profit and total comprehensive (expense)/income for the year	**(15,949)**	4,638	6,440	7,926

	As at 31 December			
	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000
ASSETS AND LIABILITIES				
Non-current assets	**3,490**	3,484	4,064	4,856
Current assets	**60,853**	40,990	37,003	54,231
Total assets	**64,343**	44,474	41,067	59,087
Non-current liabilities	**4,174**	31,476	32,625	701
Current liabilities	**46,697**	589	671	47,409
Total liabilities	**50,871**	32,065	33,296	48,110
Total equity	**13,472**	12,409	7,771	10,977