卓航控股集團
Trendzon Holdings Group Limited

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1865)

Annual Report 2022

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Feng Jiamin *(Chairman)*
Mr. Michael Shi Guan Wah
(Chief Executive Officer)
(Resigned as Joint Chairman on 29 October 2021)
Mr. Fong Hang Fai
(Appointed on 30 November 2021)
Mr. Lok Ka Ho

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cher Choong Kiak
(Resigned on 30 November 2021)
Mr. Chiam Soon Chian (Zhan Shunquan)
(Resigned on 23 December 2021)
Mr. Choo Chih Chien Benjamin
(Resigned on 30 November 2021)
Mr. Tong Wing Chi
(Resigned on 31 March 2022)
Mr. Shek Jun Chong
Mr. Qiu Yue
Mr. Lui Kwun Yuen
(Appointed on 23 December 2021)
Mr. Wong Kwong Fai
(Appointed on 31 March 2022)

AUDIT COMMITTEE

Mr. Wong Kwong Fai *(Chairman)*
(Appointed on 31 March 2022)
Mr. Cher Choong Kiak
(Resigned on 30 November 2021)
Mr. Choo Chih Chien Benjamin
(Resigned on 30 November 2021)
Mr. Tong Wing Chi
(Appointed on 23 December 2021 and resigned on 31 March 2022)
Mr. Shek Jun Chong
Mr. Qiu Yue
Mr. Chiam Soon Chian (Zhan Shunquan)
(Resigned on 23 December 2021)

REMUNERATION COMMITTEE

Mr. Shek Jun Chong *(Chairman)*
(Appointed on 30 November 2021)
Mr. Chiam Soon Chian (Zhan Shunquan)
(Resigned on 23 December 2021)
Mr. Qiu Yue
Mr. Lui Kwun Yuen
(Appointed on 23 December 2021)
Mr. Cher Choong Kiak
(Resigned on 30 November 2021)

NOMINATION COMMITTEE

Mr. Wong Kwong Fai *(Chairman)*
(Appointed on 31 March 2022)
Mr. Choo Chih Chien Benjamin
(Resigned on 30 November 2021)
Mr. Tong Wing Chi *(Appointed on 30 November 2021 and resigned on 31 March 2022)*
Mr. Michael Shi Guan Wah
(Resigned on 29 October 2021)
Ms. Feng Jiamin
(Appointed on 29 October 2021)
Mr. Chiam Soon Chian (Zhan Shunquan)
(Resigned on 23 December 2021)
Mr. Shek Jun Chong
Mr. Qiu Yue

COMPANY SECRETARY

Mr. Tse Fung Chun

AUTHORISED REPRESENTATIVES

Ms. Feng Jiamin
Mr. Tse Fung Chun

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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Singapore 758110

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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The Gateway, Harbour City
Hong Kong

INDEPENDENT AUDITORS

McMillan Woods (Hong Kong) CPA limited
(Certified Public Accountants)
Registered Public Interest Entity Auditor

PRINCIPAL BANKER

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

Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

COMPANY WEBSITE

www.trendzon1865.com

STOCK CODE

1865

FIVE YEARS FINANCIAL SUMMARY

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March				
	2022	2021	2020	2019	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Revenue	**59,099**	43,450	27,284	30,211	23,419
Cost of sales	**(49,238)**	(33,470)	(22,861)	(22,435)	(16,021)
Gross profit	**9,861**	9,980	4,423	7,776	7,398
Profit before income tax	**1,846**	4,054	1,853	1,760	5,281
Profit and total comprehensive income for the year attributable to owners of the Company	**725**	3,253	1,568	684	4,498

ASSETS AND LIABILITIES

	Year ended 31 March				
	2022	2021	2020	2019	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Total assets	**103,132**	73,936	44,960	49,846	29,230
Total liabilities	**61,964**	33,493	7,770	14,211	13,006
Total equity	**41,168**	40,443	37,190	35,635	16,224

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

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Trendzon Holdings Group Limited (formerly known as Pipeline Engineering Holdings Limited) (the "**Company**") and its subsidiaries (collectively, the "**Group**"), it is my pleasure to present to the shareholders of the Company (the "**Shareholders**") the annual report of the Group for the year ended 31 March 2022 ("**FY2022**").

PERFORMANCE REVIEW

In FY2022, the Group recorded a total revenue of approximately S$59.1 million, representing an increase of approximately S$15.6 million from approximately S$43.5 million for the year ended 31 March 2021 ("**FY2021**"). The increase in revenue was mainly due to the increase in revenue from projects relating to the water pipeline projects, supply and lay of gas mains and renewal services of approximately S$9.0 million and the increase in revenue from trading of building materials business of approximately S$6.5 million for the Group. The overall gross profit slightly dropped by approximately S$0.1 million from approximately S$10.0 million in FY2021 to approximately S$9.9 million in FY2022. Such decrease was mainly due to the significant increase in cost of sales for FY2022.

LOOKING AHEAD

Looking forward, the Group will continue to focus on strengthening the market position in the pipeline construction industry in Singapore and continue to keep a close watch on the global economy trend and market situations to capture business opportunities in turn to achieve better operating results.

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

APPRECIATION

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

Feng Jiamin
Chairman

Hong Kong, 26 July 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The global economy was adversely affected by the outbreak of the novel coronavirus COVID-19 pandemic, which has posed significant challenges to the global recovery, and brought severe challenges to the global economy.

For the infrastructural pipeline market in Singapore, the outbreak of hostilities in Ukraine has further caused prices of materials and energy to soar. In addition, labour costs have also increased due to limited supply of manpower. These unfavourable factors have adversely affected the Singapore operations of the Group.

The Group recorded a total revenue of approximately S$59.1 million in FY2022, representing an increase of approximately S$15.6 million from approximately S$43.5 million in FY2021. The increase in revenue was mainly due to the increase in revenue from projects relating to the water pipeline projects, supply and lay of gas mains and renewal services, gas transmission pipeline, in-line inspection and conversion of gas pressure networks by approximately S$9.0 million and the increase in revenue from trading of building materials business of approximately S$6.5 million for the Group during FY2022 as compared with FY2021. During FY2022, the Group has been awarded eight new gas and water projects with an aggregate contract sum of approximately S$32.0 million, most of which commenced in FY2022.

Business strategies of the Group remained unchanged for FY2022. Since the Listing of the Company, the management has continuously consolidated and strengthened the reputation of the Group through submission of tenders to keep its presence in the market. Leveraging its listing status, the Group's core business continued to earn good reputation and provided the Group with sound track record for potential business opportunities. Subsequent to FY2022, the Group has secured new projects, together with the ongoing projects on hand, its revenue could be sustained for the next financial year.

Despite challenging operating conditions in the year ahead, the Group believes that it is positioned on the right track for sustainable development. Looking ahead, The Group will continue to focus on maintaining its market position in the pipeline construction industry in Singapore and continue to keep a close watch on the global economy trend and market situations to capture business opportunities in turn achieve better operating results.

The Board is of the opinion that the development of potential business represents a good opportunity for increasing the sources of revenue of the Group. The Group is well-positioned for the challenges and competition ahead, to carry out research to prepare for the development of different business and new business opportunities. This enables the Group to enrich the Group business portfolio and create a sustainable business development model to striving to deliver satisfactory return to shareholders of the Company.

ONGOING PROJECTS

As at 31 March 2022, the Group had three ongoing gas pipeline projects and five water pipeline projects with an aggregated contract sum of approximately S$85.5 million, of which approximately S$34.1 million has been recognised as revenue as at 31 March 2022 (FY2021: four gas pipeline projects and seven water pipeline projects, with an aggregate contract sum of S$94.2 million). The remaining balance will be recognised as the Group's revenue in subsequent periods in accordance with IFRS 15.

The management considered that all ongoing projects were on schedule and none of which is expected to cause the Group to indemnify the third parties and incur any contingent liabilities as at 31 March 2022.

FINANCIAL REVIEW

Revenue

Revenue from contracts with customers

The following table sets out the breakdown of the Group's revenue from contracts with customers, the number of projects/contracts performed and the percentage contribution to total revenue for FY2022 and FY2021.

	For the year ended 31 March					
	2022			2021		
	Number of projects/ contracts performed	Revenue *(S$'000)*	Percentage of revenue *(%)*	Number of projects/ contracts performed	Revenue *(S$'000)*	Percentage of revenue *(%)*
Gas pipeline	10	43,624	73.8	9	35,424	81.5
Water pipeline	11	2,578	4.4	10	1,761	4.1
Cable installation	1	166	0.3	1	62	0.1
	22	46,368	78.5	20	37,247	85.7
Trading of building materials		12,731	21.5		6,203	14.3
Total		59,099	100		43,450	100.0

Revenue of the Group has increased by approximately S$15.6 million from S$43.5 million in FY2021 to S$59.1 million in FY2022 was mainly due to the following:

(i) Increase in revenue from gas pipeline projects by approximately S$8.2 million;

(ii) Increase in revenue from water pipeline projects by approximately S$0.8 million; and

(iii) Increase in revenue derived from trading of building materials by approximately S$6.5 million.

The increase in revenue from the gas pipeline projects by approximately S$8.2 million in FY2022 as compared with FY2021 was due to the following:

(i) Increase in revenue from projects relating to the supply and lay of gas mains and renewal services by approximately S$3.5 million; and

(ii) Increase in revenue from other contracts relating to a gas transmission pipeline, in-line inspection and conversion of gas pressure networks by approximately S$4.7 million.

The increase in revenue from the water pipeline projects by approximately S$0.8 million in FY2022 as compared with FY2021 was due to the substantial completion of projects brought forward from previous years, where the revenue recognised amounted to approximately S$2.6 million (FY2021: approximately S$1.8 million).

The trading of building materials business has generated a revenue of approximately S$12.7 million (FY2021: S$6.2 million) which accounted for approximately 21.5% of the Group's revenue (FY2021: 14.3%). The building materials for trading in FY2022 included marble and lightweight ceramsite.

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

Cost of Sales

Cost of sales of the Group significantly increased by approximately S$15.7 million or 46.9% from approximately S$33.5 million in FY2021 to approximately S$49.2 million in FY2022 which was mainly due to the significant increase in material and manpower costs under construction operation and cost of building materials sold in FY2022.

Gross Profits and Gross Profit Margins

The Group's total gross profits slightly dropped by approximately S$0.1 million from approximately S$10.0 million in FY2021 to approximately S$9.9 million in FY2022. Gross profit margin decreased by approximately 6.3% from 23.0% in FY2021 to approximately 16.7% in FY2022 which was mainly due to the significant increase in cost of sales as mentioned above.

Recognition of allowance for expected credit losses

The Group recorded the allowance for expected credit losses amounting to approximately S$196,000 in FY2022 (FY2021: Nil), which was mainly recognised on the balance under the contract assets, trade and other receivables, and the loan receivables in FY2022.

Administrative Expenses

The Group recorded administrative expenses amounting to approximately S$9.6 million in FY2022 (FY2021: approximately S$7.2 million). The increase was mainly attributable to the increase in project application fee in FY2022.

Finance Costs

Finance costs of the Group has increased by approximately S$1.2 million from approximately S$0.4 million in FY2021 to approximately S$1.6 million in FY2022. The increment was mainly attributable by the additional borrowings during FY2022.

Profit for the Year

Due to the above, profit for the year in FY2022 dropped by approximately S$2.3 million from S$3.3 million in FY2021 to approximately S$1.0 million in FY2022.

Borrowings

Borrowings increased by approximately S$25.8 million from approximately S$19.7 million as at 31 March 2021 to approximately S$45.5 million as at 31 March 2022. The increase was mainly attributable to additional bonds issued during FY2022.

Money Lending Business

In order to expand the various business segments, the Group will actively explore and appraise all suitable investment opportunities to diversify the business portfolio and strengthen the overall business development of the Group. To help widen the scope of our operations portfolio, the Group is opening up a new money lending business segment. All Good Finance Limited ("All Good"), an indirect wholly-owned subsidiary of the Company, has been granted the money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). It enables the Group to engage in a new line of money lending business to diversify the revenue stream.

The business of money lending has been established in the earlier stage at the beginning of 2022. Details of the loan receivables are set out in Note 26 to the Consolidated Financial Statements of this annual report.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group maintained a healthy liquidity position. As at 31 March 2022, the Group had net current assets of approximately S$39.1 million (31 March 2021: net current assets of approximately S$26.3 million), net assets of approximately S$41.2 million (31 March 2021: net assets of approximately S$40.4 million) and bank balances and cash of approximately S$9.1 million (31 March 2021: approximately S$11.9 million). The Group's gearing ratio (calculating by total interest-bearing debt over total equity) as at 31 March 2022 was 119.0%, increase of 62.0% from 57.0% as at 31 March 2021. The increase in gearing ratio was mainly due to the additional borrowings during FY2022.

CAPITAL STRUCTURE

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

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group had a total of 355 employees (FY2021: 314 employees). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries, bonus and allowances.

USE OF LISTING PROCEEDS

The total net proceeds raised from the Listing (the "**Net Proceeds**") received by the Company, after deducting related listing expenses, were approximately HK$90.2 million (approximately S$15.7 million).

Set out below are details of the allocation of the Net Proceeds, the utilised and unutilised amounts of Net Proceeds as at 31 March 2022:

Use of net proceeds	Planned use of net proceeds *S$'000*	Utilised from Listing up to 31 March 2021 *S$'000*	Utilised in FY2022 *S$'000*	Total remaining net proceeds available as at 31 March 2022 *S$'000*
(a) Relocate to a new property to be acquired to be used as our new office, foreign worker dormitory and warehouse for our machinery	9,368	(9,368)	–	–
(b) Purchase two pipe jacking machines *(Note 2)*	4,896	–	–	4,896
(c) Working capital	1,428	(1,428)	–	–
	15,692	(10,796)	–	4,896

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

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

Note 2: As at 31 March 2022, the Group has yet to acquire the pipe jacking machines as the Group has been tendering but not awarded with projects that require the use of certain models of pipe jacking machines as mentioned in the Prospectus. Furthermore, based on the current economic development, the available tenders, the ongoing and potential projects and the overall cost versus benefit, the proceeds in relation to purchase of two pipe jacking machines will be further postponed and expected to be utilised before 31 December 2022. The Group will continue to actively participate in available tenders that require the use of the pipe jacking machines.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(1) On 13 September 2021, a direct wholly-owned subsidiary of the Company, Jumbo Harvest Group Limited ("**Jumbo Harvest**") entered into an acquisition agreement with VBG International Holdings Limited ("**VBG**"), the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8365), pursuant to which Jumbo Harvest acquired 85% of the issued share capital of Wealth Link Securities Limited ("**Wealth Link**") which is mainly engaged in the provision of (i) corporate finance advisory services; (ii) placing and underwriting services; (iii) securities brokerage and margin financing; (iv) asset management services; and (v) business consulting services in Hong Kong and is licensed by the SFC to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. As at the date of this report, the acquisition has not yet completed and the completion shall take place after the fulfillment or waiver of the conditions precedent under the acquisition agreement.

Further details in respect of this disclosable transaction are set out in the announcements dated 13 September 2021 and 20 September 2021.

(2) In light of the national strategic plan and industrial policy of "Made in China 2025" to further develop the manufacturing sector of the PRC since 2015, the PRC government has been encouraging scientific and technology production. Further, Zhongshan city and Banfu Town has issued various policies to support and facilitate the development of intelligent manufacturing. In this premises, the Company entered into a strategic cooperation agreement with the Diandian Science and Technology Innovation City Project Investment and Development (Zhongshan) Co., Ltd(點點科創城項目投資開發(中山)有限公司)(the "**JV Partner**") on 7 June 2021 to form the Trendzon Park Project Investment and Development (Zhongshan) Company Limited(卓航科創城項目投資開發(中山)有限公司)(the "**JV Company**") to construct and develop an intelligent manufacturing demonstration base in Guangzhou(廣州智能製造示範基地), which offers factory areas, office areas and warehouses, targeting and gathering high-tech companies together to build an intelligent manufacturing professional city(智能製造裝備專業鎮). On 5 October 2021, Trendzon Guangzhou Industrial Park Investment Development Co., Ltd.(卓航(廣州)產業園投資發展有限公司)("**Trendzon Guangzhou**") (a wholly-owned subsidiary of the Company) entered into a capital contribution agreement with the JV Partner and the JV Company. Pursuant to the capital contribution agreement, Trendzon Guangzhou and the JV Partner agreed to provide capital contribution, in proportion to their equity interest in the JV Company, of up to RMB45,000,000 and RMB44,100,000 respectively as shareholders' loans to the JV Company for payment of the construction cost of the first phase of the establishment of integrated industrial operation platform in certain industrial real estates and/or upgrades of regional industrial structure in the PRC for the creation of industrial parks by the Company under the name 卓航•點點科創城 (transliterated in English as Trendzon Diandian Science and Technology Innovation City). Details of the investment in a joint venture and amount due from a joint venture are set out in Note 23 to the Consolidated Financial Statements of this annual report.

For details, please refer to the announcement of the Company dated 7 June 2021, 5 October 2021 and 18 November 2021.

(3) On 5 October 2021, the JV Company entered into a construction contract with Zhongshan Leixin Earthwork Company Limited (中山市磊鑫土石方工程有限公司) (the "**Construction Contractor**"), an independent third party, for the construction of basic infrastructure for Trendzon Diandian Science and Technology Innovation City at the consideration of RMB18,000,000 (the "**Construction Contract**").

On 5 October 2021, the JV Company entered into a construction design contract with Zhongshan No.2 Architecture Design Institute Company Limited No.1 branch (中山市第二建築設計院有限公司第一分公司) (the "**Construction Designer**"), an independent third party, for the construction design in relation to Trendzon Diandian Science and Technology Innovation City at the consideration of RMB10,500,000 (the "**Construction Design Contract**").

The Group considers that the entering into the Construction Contract and the Construction Design Contract are vital to progressing for the establishment of Trendzon Diandian Science and Technology Innovation City.

The Directors believe that engaging the Construction Contractor and the Construction Designer to carry out the construction work and construction design would allow the Group to successfully leverage their respective technical expertise and experience, and that the appointment of the Construction Contractor and the Construction Designer as contractors can meet the needs of the construction work and construction design in Trendzon Diandian Science and Technology Innovation City.

For details, please refer to the announcement of the Company dated 5 October 2021.

Save as disclosed in this report, during FY2022, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

Foreign Exchange Exposure

The Group has operations in Singapore, Hong Kong, and the PRC. The Group transacts mainly in Singapore Dollar ("**S$**"), which is the functional currency of the Group. Foreign exchange risk arises when a group entity has transactions denominated in currencies other than its own functional currency.

The income and expenses, assets and liabilities of the Company and its subsidiaries which denominated in currencies other than the functional currency are converted into S$ for financial reporting purpose. Fluctuations in exchange rates may have an impact on the Group's financial position and results. The Group monitors the exposure to fluctuations in exchange rates and takes appropriate measures to mitigate and manage the risk on a timely and effective manner. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 31 March 2022.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus, maintained a healthy liquidity position throughout FY2022. The finance department of the Group is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the management and the Board, and monitoring the investments on a continuous basis.

INVESTMENTS HELD

As at 31 March 2022, the Group did not hold any listed equity investments (2021: S$882,000).

CHARGES ON ASSETS

As at 31 March 2022, carrying amount of plant and machinery and motor vehicles held under hire purchase loan was S$1,448,000 (2021: S$2,213,000). The carrying amount of properties pledged for bank borrowings was S$13,430,000 (2021: S$14,436,000).

CONTINGENT LIABILITIES

As at 31 March 2022, the Group had no significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

1. Reference to the Company's announcement dated 4 May 2022, the Company has granted a total of 92,000,000 share options (the "**Share Options**") to eleven employees of the Group (the "**Grantees**") under the share option scheme adopted by the Company on 26 February 2019 to subscribe for a total of 92,000,000 ordinary shares of the Company, representing 10% of the issued share capital of the Company, at the exercise price of HK$0.346 per share. The Share Options are valid for 3 years from 4 May 2022. None of the Grantees of the Share Options is a director, chief executive, or substantial shareholder of the Company, nor an associate (as defined under the Listing Rules) of any of them.

2. Reference to the announcements of the Company dated 16 May 2022, 23 May 2022, 24 May 2022, 6 June 2022, 13 June 2022, and 20 June 2022, the Company entered into two subscription agreements ("**Subscription Agreement**") with two independent subscribers, Zhongbei Capital Co., Limited ("**Zhongbei Capital**") and Shanghai Heri Investment Company Limited ("**Shanghai Heri**") (the "**Subscription**"). Pursuant to the Subscription Agreements, the Company has agreed to allot and issue, and the two independent subscribers, Zhongbei Capital and Shanghai Heri have conditionally agreed to subscribe 138,000,000 subscription shares and 46,000,000 subscription shares respectively, with a total of 184,000,000 subscription shares ("**Subscription Shares**") at HK$0.475 per share (the "**Subscription Price**") in accordance with the terms and conditions of the Subscription Agreements. All of the conditions of the Subscription Agreements have been fulfilled and the Subscription Shares were allotted and issued to two independent subscribers on 20 June 2022.

   Upon the completion of the Subscriptions, 184,000,000 new Subscriptions Shares, representing approximately 16.67% of the issued share capital of the Company as at the date of this completion (as enlarged by the allotment and issue of the Subscription Shares), have been duly allotted and issued as fully paid to the subscribers, namely 138,000,000 Subscriptions Shares in the name of Zhongbei Capital and 46,000,000 Subscriptions Shares in the name of Shanghai Heri, at the Subscription Price of HK$0.475 per Subscription Share. Accordingly, immediately after the completion of the Subscriptions, there are 1,104,000,000 Shares in issue.

Save as disclosed above, the Directors are not aware of any subsequent event which had a material effect on the Group which have occurred since 31 March 2022.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Feng Jiamin（馮嘉敏女士）, aged 37, was appointed as a non-executive Director on 27 September 2019 and was re-designated as an executive Director on 21 September 2020. Ms. Feng has been appointed as a Joint Chairman of the Board together with Mr. Michael Shi on 30 October 2020. Ms. Feng has also been appointed as a member of the nomination committee of the Board on 29 October 2021. Ms. Feng is responsible for overseeing the Group's operations and implementation of the Company's business strategies. She graduated from the University of California, Irvine in 2010 with a Master's degree in Business Administration.

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

Mr. Michael Shi Guan Wah（徐源華先生）, aged 60, is a co-founder of the Group and has been a director of HSC Pipeline Engineering Pte. Ltd. since January 1993. He was appointed as a Director in July 2018 and was re-designated as the Chairman, chief executive officer and an executive Director in August 2018. On 30 October 2020, Mr. Michael Shi was appointed as a Joint Chairman of the Board together with Ms. Feng Jiamin and then resigned on 29 October 2021. From 26 February 2019 to 29 October 2021, he was a member of the nomination committee of the Board. Mr. Michael Shi has been our Group's managing director since January 1993 and is responsible for leading the Group's business development and overseeing all aspects of the business, including corporate operations, project execution and financial performance.

Mr. Michael Shi has over 29 years of experience in the construction industry. He had attended secondary education in Singapore until October 1978, then he participated in his family business engaging in the building construction business, where he gained exposure to the construction industry. He also formed Jet Equipment, a partnership engaging in installation of industrial machinery and equipment and mechanical engineering works from July 1991 until August 1992.

* *For identification purpose only*

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

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

Mr. Lok Ka Ho（駱嘉豪先生）, aged 34, was appointed as an executive Director on 11 November 2020. He has over 11 years of experience in financing and investing. Mr. Lok started his career in The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") from September 2010 to March 2016 with his last position as a Premier Relationship Manager. He then worked at Wing Lung Bank (now known as CMB Wing Lung Bank Ltd.) as a Relationship Manager (China Team) from April 2016 to November 2016.

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

Mr. Fong Hang Fai（方恒輝先生）, aged 34, was appointed as an executive Director on 30 November 2021. Mr. Fong is an expert in Information Technology ("**IT**"). He has various experiences in IT projects. He currently serves as an IT Infrastructure Manager of Fwone Science & Technology Hong Kong Company Limited.

Independent Non-Executive Directors

Mr. Lui Kwun Yuen（雷冠源先生）, aged 54, was appointed as an independent non-executive Director and a member of the remuneration committee of the Board on 23 December 2021. He is a Registered Architect in Hong Kong and has over 24 years of experience in architecture industry. He has been a Council member of The Hong Kong Institute of Architects since 2018 as well as a director of Hong Kong Architecture Centre since 2020. Mr. Lui is also a director of Skyway Limited and a founder and director of Abierto Limited. He is also a BEAM Professional accredited by Hong Kong Green Building Council and a PRC Class 1 Architect.

From 2001 to 2008, he was an Associate of Wong Tung International Limited. From 2008 to 2009, he was an Associate of Woods Bagot International Limited. From 2009 to 2019, he was an Associate Director of AGC Design Limited.

Mr. Lui obtained a Bachelor of Planning & Design from The University of Melbourne, Australia in 1995 and a Bachelor of Architecture from The University of Melbourne, Australia in 1997.

Mr. Wong Kwong Fai（黃廣輝先生）, aged 38, was appointed as an independent non-executive Director, the chairman of each of the Nomination Committee and Audit Committee of the Board on 31 March 2022. He has over 12 years of experience in auditing and financial management. He is the Financial Controller of The Space VIP Holdings (Hong Kong) Limited since March 2018. From October 2008 to August 2010, he was an Assurance Accountant of Grant Thornton Hong Kong Limited. From April 2011 to July 2012, he was an Accountant of Perfect Medical Health Management Limited, a company listed on the Stock Exchange (stock code: 1830). From August 2012 to February 2015, he was an Assistant Account Manager of Millenium Engineering Co Ltd. From March 2015 to February 2017, he was an Accounting Manager of Chan Kee Foods Limited. From March 2017 to February 2018, he was an Assistant Financial Controller of Ban Loong Holdings Limited, a company listed on the Stock Exchange (stock code: 0030).

Mr. Wong obtained a Bachelor of Accounting degree from The Hong Kong Polytechnic University in May 2008 and a Master of Corporate Governance degree from The Hong Kong Polytechnic University in July 2016. Mr. Wong has been a member of Hong Kong Institute of Certified Public Accountants since June 2012. Mr. Wong has also been an associate member of The Hong Kong Chartered Governance Institute (formerly known as "Hong Kong Institute of Chartered Secretaries") and an associate member of The Chartered Governance Institute (formerly known as the "Institute of Chartered Secretaries and Administrators") since November 2016.

Mr. Shek Jun Chong（石峻松先生）, aged 49, was appointed as an independent non-executive Director, and a member of the audit committee, the nomination committee and the remuneration committee of the Board on 11 November 2020 and was re-designated as the chairman of the Remuneration Committee on 30 November 2021. He has over 19 years of experience in general business management. Mr. Shek worked in Guangzhou Fourth Construction Engineering Company*（廣州市第四建築工程公司）and was sent to Hong Kong in 1993 to participate in the real estate development of Mainland China, including major projects such as Gold Arch Residence, a premium residential development on Ersha Island, Guangzhou. During that period, he also participated in the preliminary land consolidation and primary development as well as investment attraction of Guangzhou Bio-island, a national-level key construction project in China. In 1995, he worked for Tuoyi Company*（拓益公司）, a company directly affiliated to the municipal authorities of Guangzhou, where he served as a delegated representative in the Hong Kong and Macau districts and was responsible for the coordination and liaison between large central enterprises and state-owned enterprises and the Hong Kong and Macau counterparts. Mr. Shek was later appointed into the Yuexiu District Committee of the Chinese People's Political Consultative Conference in February 2013 and became a member of the committee's Hong Kong and Macau Section. Since 1998, he acts as the deputy managing director of Zhongqiu Advertising Co., Ltd.*（中球廣告有限公司）, which mainly operates the advertising resources for the road signs along the Guangzhou-Shenzhen Highway, Shenzhen-Shantou Highway and other intra-provincial highways. Mr. Shek also founded Shenzhen Maidite Medical Technology Co., Ltd.*（邁地特醫療科技有限公司）in 2015, which is mainly engaged in the research and development and production of medical devices for intrapleural and intraperitoneal hyperthermic cancer treatment.

* *For identification purpose only*

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

Mr. Qiu Yue (邱越先生), aged 53, was appointed as an independent non-executive Director, and a member of the audit committee, the nomination committee and the remuneration committee of the Board on 11 November 2020. He has over 20 years of experience in general business management.

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

Senior Management

Mr. Shi Guan Lee (徐源利先生), aged 57, is a co-founder of the Group and has been a director of HSC Pipeline Engineering since January 1993. He was appointed as a Director in July 2018, re-designated as an executive Director in August 2018 and subsequently resigned as an executive Director in September 2020. Mr. Shi Guan Lee has been the Group's operations director since January 1993 and is responsible for overseeing the Singapore subsidiary's operating performance and monitoring project planning and execution.

Mr. Shi Guan Lee has over 29 years of experience in the construction industry. He had attended secondary education in Singapore until October 1979, then he participated in his family business engaging in building construction business and in March 1990, he formed ABBA Electrical & Plumbing Works which was engaged in electric works, plumbing, non-electric heating and air conditioning.

* *For identification purpose only*

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

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

Mr. Shi Hong Sheng (Xu Hongsheng)（徐鴻勝先生）, aged 35, was appointed as a Director in July 2018, re-designated as an executive Director in August 2018 and appointed as a member of the remuneration committee on 26 February 2019. In November 2020, he resigned as an executive Director and a member of the remuneration committee. He has been a director of HSC Pipeline Engineering since April 2018. Mr. Shi Hong Sheng is responsible for overseeing the Singapore subsidiary's operations and maintaining relationships with customers and suppliers.

Mr. Shi Hong Sheng has over 11 years of experience in the construction industry. Mr. Shi Hong Sheng obtained a degree of Bachelor of Engineering (Mechanical Engineering (Honours)) from the National University of Singapore in June 2011 and a Specialist Diploma in Construction Productivity at the Building and Construction Authority in November 2016. Mr. Shi Hong Sheng joined the Group as a project manager in April 2011. Between December 2017 and March 2018, he was also a director of Skye Marine Pte. Ltd., which was engaged in engineering design and consultancy activities.

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

Mr. Shi Hong Sheng is the son of Mr. Michael Shi Guan Wah, an executive Director, and the nephew of Mr. Shi Guan Lee, a member of the senior management of the Group.

DIRECTORS' REPORT

The Board is pleased to present this report together with the audited consolidated financial statements of the Group (the "**Consolidated Financial Statements**") for FY2022.

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

PRINCIPAL PLACE OF BUSINESS

The head office and principal place of business of the Company in Singapore is located at 38 Senoko Road, Singapore 758110.The principal place of business in Hong Kong is Suite 2108, Prudential Tower, The Gateway, Harbour City, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in (i) the provision of infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services; and (ii) trading of building materials. The revenue was principally derived from pipeline construction works for gas, water and cable installation and trading of building materials. Details of the principal activities of the principal subsidiaries of the Company are set out in Note 18 to the Consolidated Financial Statements.

CHANGE OF COMPANY NAME

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

RESULT/BUSINESS REVIEW

The result of the Group for FY2022 and financial position of the Group as at 31 March 2022 are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" and "Consolidated Statement of Financial Position" on page 56 and 57–58 in this annual report.

A review of the Group's business for FY2022, which includes a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators of the Group's business, particulars of important events affecting the Group, an indication of likely future developments in the Group's business, and discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in the sections headed "Statement of Chairman", "Management Discussion and Analysis" and "Corporate Governance Report" of this annual report. The review forms part of this directors' report.

COMPLIANCE WITH LAWS AND REGULATIONS

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

The Group is principally engaged in the provision of construction services in Singapore and is thus subject to the rules and regulations implemented by the Energy Market Authority of Singapore and the Public Utilities Board, which regulate activities of contractors. The Company confirmed that save as disclosed below, the Group had obtained all the registrations and certifications required for its business and operations in Singapore, and had complied with the applicable laws and regulations in Singapore in all material respects during FY2022.

RELATIONSHIP WITH KEY PARTIES

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

Customers

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

During FY2022, revenue derived from the Group's top five customers accounted for approximately 78.1% (FY2021: 97.2%) of the total revenue.

Suppliers and subcontractors

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

Employees

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. **Customer concentration risk**

   As at 31 March 2022, the Group's top five customers accounted for approximately 78.1% of its total revenue (FY2021: 97.2%) and any significant decrease in projects secured from any one of them or any change in their creditworthiness may affect its business, operations and financial results. The Group has not entered into any long-term agreements with its top five customers. There is no assurance that these top five customers will continue to use its services at fees acceptable to the Group. If any of the Group's top five customers were to terminate their business relationship with it entirely, there can be no assurance that the Group would be engaged by other customers to replace any such loss. In addition, if any of the Group's customers fail to settle its invoice in accordance with the agreed credit terms, the Group's working capital position may be adversely affected. Allowance for expected credit losses may also be required for receivables, which will have an adverse effect on its profitability. If there is a change in its customers' creditworthiness, its results of operations would be materially and adversely affected.

2. **Non-recurring nature of projects**

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

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

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

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

SHARE CAPITAL

As at 31 March 2022, 920,000,000 shares of the Company were in issue. Details of the movement in share capital during FY2022 are set out in Note 33 to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during FY2022 are set out in the Consolidated Statement of Changes in Equity on page 59 and Note 37 to the Consolidated Financial Statements respectively.

As at 31 March 2022, distributable reserve available for distribution to the owners of the Company is approximately S$30.2 million, which represents the aggregate of share premium and capital reserves of approximately S$36.0 million, net of accumulated losses of approximately S$5.8 million (FY2021: S$31.4 million).

DIVIDEND

The Board resolved not to recommend the payment of a final dividend for FY2022 (FY2021: Nil).

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

During FY2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during FY2022 are set out in Note 19 to the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

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

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company (as defined below), no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during FY2022 or subsisted at the end of FY2022.

TAX RELIEF AND EXEMPTION

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

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 34 to 48 in this report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 31 August 2022 and the notice convening such meeting will be published and despatched to the Shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 26 August 2022 to Wednesday, 31 August 2022 (both days inclusive), during which period no transfers of shares of the Company will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Thursday, 25 August 2022.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

The percentages of purchases and sales for FY2022 attributable to the Group's major suppliers, subcontractors and customers are as follows:

Purchases

– the largest supplier	7.2%
– five largest suppliers in aggregate	13.6%

Subcontracting cost

– the largest subcontractor	3.6%
– five largest subcontractors in aggregate	10.0%

Revenue

– the largest customer	72.6%
– five largest customers in aggregate	78.1%

During FY2022, none of the Directors, their respective close associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest customers or suppliers or subcontractors.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company who held office during FY2022 were:

Executive Directors

Ms. Feng Jiamin (Chairman)
Mr. Michael Shi Guan Wah (Chief Executive Officer)
(resigned as Joint Chairman on 29 October 2021)
Mr. Lok Ka Ho
Mr. Fong Hang Fai (Appointed on 30 November 2021)

Independent non-executive Directors

Mr. Cher Choong Kiak (Resigned on 30 November 2021)
Mr. Chiam Soon Chian (Zhan Shunquan)
(Resigned on 23 December 2021)
Mr. Choo Chih Chien Benjamin
(Resigned on 30 November 2021)
Mr. Tong Wing Chi (Resigned on 31 March 2022)
Mr. Shek Jun Chong
Mr. Qiu Yue
Mr. Lui Kwun Yuen (Appointed on 23 December 2021)
Mr. Wong Kwong Fai (Appointed on 31 March 2022)

Mr. Michael Shi Guan Wah, entered into a service contract with the Company commencing on 26 February 2022. Ms. Feng Jiamin is re-designated from non-executive Director to executive Director and entered into a service contract with the Company commencing on 21 September 2020. Mr. Lok Ka Ho, has been appointed as an executive Director on 11 November 2020 and entered into a service contract with the Company commencing on 11 November 2020. Mr. Fong Hang Fai, has been appointed as an executive Director on 30 November 2021 and has not entered into any written service contract with the Company but will hold office until the first AGM after his appointment and will be subject to retirement and re-election at such meeting.

Mr. Lui Kwun Yuen has been appointed as an independent non-executive Director on 23 December 2021. Mr. Lui has not entered into any letter of appointment with the Company but will hold office until the first AGM after his appointment and will be subject to retirement and re-election at such meeting.

Mr. Wong Kwong Fai has been appointed as an independent non-executive Director on 31 March 2022. Mr. Wong has not entered into any letter of appointment with the Company but will hold office until the first AGM after his appointment and will be subject to retirement and re-election at such meeting.

Mr. Shek Jun Chong and Mr. Qiu Yue, have been appointed as independent non-executive Directors on 11 November 2020, Each of Mr. Shek and Mr. Qiu has entered into a letter of appointment with the Company for a term of one year commencing on 11 November 2021, which may be terminated by not less than one month' notice in writing by either party on the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the Articles of Association.

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

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

In accordance with article 83(3) of the Articles of Association, Mr. Fong Hang Fai, Mr. Lui Kwun Yuen and Mr. Wong Kwong Fai shall retire from office as Directors and being eligible, have offered themselves for re-election as Directors at the forthcoming AGM.

In accordance with article 84 of the Articles of Association, Ms. Feng Jiamin and Mr. Shek Jun Chong shall retire from office as Directors and being eligible, have offered themselves for re-election as Directors at the forthcoming AGM.

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

CONFIRMATION ON INDEPENDENCE

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors and Senior Management" on pages 15 to 19 of this annual report.

EMOLUMENT POLICY

As at the date of this report, the Group had a total of 355 employees (FY2021: 314 employees). The Group's emolument policy is in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries, bonus and allowances.

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

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

DIRECTORS' EMOLUMENTS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

Details of the Directors' emoluments and five highest paid individuals are set out in Note 13 to the Consolidated Financial Statements of this annual report.

PERMITTED INDEMNITY PROVISIONS

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

Such permitted indemnity provision (with the meaning in Section 469 of the Companies Ordinance) is currently in force and was in force during FY2022. In addition, the Company has taken out and maintained Directors' and officers' liability insurance during FY2022, which provides appropriate cover for the directors and officers of the Group.

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

Save for the service contract/letter of appointment with the Directors, no other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of FY2022 or at any time during FY2022.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

SHARE OPTION SCHEME

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

Purpose

To give the Eligible Persons (as defined below) an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible persons

The Board may, at its absolute discretion, offer options ("**Options**") to subscribe for such number of shares in accordance with the terms set out in the Share Option Scheme to:

(a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("**Executive**"), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;

(b) a director or proposed director (including an independent non-executive director) of any member of the Group;

(c) a direct or indirect shareholder of any member of the Group;

(d) a supplier of goods or services to any member of the Group;

(e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;

(f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and

(g) an associate of any of the persons referred to in paragraphs (a) to (f) above (the person referred above are the "**Eligible Persons**").

Maximum number of shares available for issue	(a) The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares in issue as at the date of this annual report (such 10% limit representing 92,000,000 shares). On 4 May 2022, the Company has granted options to subscribe for 92,000,000 shares to eleven employees of the Group at the exercise price of HK$0.346 per share. The Share Options are valid for 3 years from 4 May 2022. As a result, there were no available unissued shares under the mandate limit of the Share Option Scheme as at the date of this annual report. (b) The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Group shall not exceed 30% of the Company's shares in issue from time to time.
Maximum entitlement of each Eligible Person	No Option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of the Company's issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in the shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant shall be separately approved by the shareholders of the Company in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting.
Period within which the securities must be exercised under an Option	An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the Option period in the manner as set out in this Share Option Scheme by the grantee (or his or her legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised.
Performance target or minimum period for which an Option must be held before it can be exercised	There is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

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

As at 31 March 2022, there were no options granted, exercised, cancelled, lapsed or outstanding.

Rights to Acquire Shares or Debentures

Apart from the aforesaid Share Option Schemes, at no time during FY2022 was the Company or any associated corporation a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, or had exercise any such rights in the Company or any other body corporate.

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

As at 31 March 2022, none of the Directors and chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules.

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

As at 31 March 2022, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company whose interests were disclosed above) who had an interest in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 35 to the Consolidated Financial Statements. Those related party transactions did not constitute "continuing connected transactions" under Chapter 14A of the Listing Rules.

RETIREMENT BENEFITS SCHEME

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

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

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

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

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

The total cost charged to profit or loss, amounting to approximately S$477,000 for the FY2022, representing contributions paid to the retirement benefits scheme by the Group. As at 31 March 2022, all contribution that was due had been paid.

Save as aforesaid, the Group did not participate in any other pension schemes during FY2022.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

PricewaterhouseCoopers was engaged as the auditor of the Company from 18 September 2018 to 18 September 2020. Baker Tilly TFW LLP ("**Baker Tilly**") was engaged as the auditor of the Company with effect from 18 September 2020 to fill the casual vacancy following the retirement of PricewaterhouseCoopers, and Baker Tilly resigned as the auditor of the Company on 21 April 2021. On 26 May 2022, Linksfield CPA Limited resigned as auditor of the Company and McMillion Woods (Hong Kong) CPA Limited was appointed by the Board of Directors as the auditor of the Company to fill the casual vacancy as arising.

The consolidated financial statements of the Group for the year ended 31 March 2022 were audited by McMillion Woods (Hong Kong) CPA Limited who will retire at the conclusion of the AGM and, being eligible, will offer itself for re-appointment. A resolution will be submitted to the AGM to re-appoint McMillion Woods (Hong Kong) CPA Limited as the auditor of the Company.

The Board has resolved to appoint McMillion Woods (Hong Kong) CPA Limited as the new auditor of the Company with effect from 26 May 2022 to fill the casual vacancy following the resignation of Linksfield CPA Limited.

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

By order of the Board
Trendzon Holdings Group Limited

Feng Jiamin
Chairman

Hong Kong, 26 July 2022

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in the annual report of the Company for FY2022.

CORPORATE GOVERNANCE PRACTICES

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

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Mr. Lui Kwun Yuen and Mr. Wong Kwong Fai, the non-executive directors, have no specific term of appointment but is subject to retirement and re-election at the AGM in accordance with the Articles of Association. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision.

Save as aforesaid, the Company had complied with the code provisions in the CG Code during 2022.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code. Set out below is detailed discussion of the corporate governance practices adopted and observed by the Company for FY2022.

THE BOARD

Responsibilities

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

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

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

Board Composition

The Board currently comprises four executive Directors, namely Ms. Feng Jiamin (Chairman), Mr. Michael Shi Guan Wah (Chief Executive Officer), Mr. Lok Ka Ho and Mr. Fong Hang Fai and four independent non-executive Directors, namely Mr. Shek Jun Chong, Mr. Qiu Yue, Mr. Lui Kwun Yuen and Mr. Wong Kwong Fai.

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

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

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

During FY2022, the Board met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

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

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

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

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

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

Continuous Professional Development

During FY2022, the participation by each Director in the continuous professional development (the "**CPD**") was recorded as follows:

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

The independent non-executive Directors, Mr. Shek Jun Chong, Mr. Qiu Yue, Mr. Lui Kwun Yuen and Mr. Wong Kwong Fai participated in CPD by way of attending training and reading materials which are relevant to the Company's business or to directors' duties and responsibilities.

Chairman and Chief Executive Officer

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organizational structure of the Company, Ms. Feng Jiamin is the Chairman of the Board and Mr. Michael Shi Guan Wah is the Chief Executive Officer which satisfied the code provision C.2.1 of the CG Code.

Appointment and Re-Election of Directors

Mr. Michael Shi Guan Wah, entered into a service contract with the Company commencing on 26 February 2022. Ms. Feng Jiamin is re-designated from non-executive Director to executive Director and entered into a service contract with the Company commencing on 21 September 2020. Mr. Lok Ka Ho, has been appointed as an executive Director on 11 November 2020 and entered into a service contract with the Company commencing on 11 November 2020. Mr. Fong Hang Fai, has been appointed as an executive Director on 30 November 2021 and has not entered into any written service contract with the Company but will hold office until the first AGM after his appointment and will be subject to retirement and re-election at such meeting.

Mr. Lui Kwun Yuen has been appointed as an independent non-executive Director on 23 December 2021. Mr. Lui has not entered into any letter of appointment with the Company but will hold office until the first AGM after his appointment and will be subject to retirement and re-election at such meeting.

Mr. Wong Kwong Fai has been appointed as an independent non-executive Director on 31 March 2022. Mr. Wong has not entered into any letter of appointment with the Company but will hold office until the first AGM after his appointment and will be subject to retirement and re-election at such meeting.

Mr. Shek Jun Chong and Mr. Qiu Yue, have been appointed as independent non-executive Directors on 11 November 2020, Each of Mr. Shek and Mr. Qiu has entered into a letter of appointment with the Company for a term of one year commencing on 11 November 2021, which may be terminated by not less than one month' notice in writing by either party on the other.

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

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

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

Board Meetings and General Meetings

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

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

The Chairmen also held a meeting with the independent non-executive Directors without presence of the executive Directors during FY2022.

During FY2022, nine board meetings and two general meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Directors	Attendance/ Eligible to attend Board Meeting(s)	Attendance/ Eligible to attend General Meeting(s)
Ms. Feng Jiamin	9/9	1/2
Mr. Michael Shi Guan Wah	9/9	2/2
Mr. Lok Ka Ho	8/9	2/2
Mr. Fong Hang Fai (appointed on 30 November 2021)	2/2	N/A
Mr. Cher Choong Kiak (resigned on 30 November 2021)	6/6	2/2
Mr. Chiam Soon Chian (Zhan Shunquan) (resigned on 23 December 2021)	7/7	2/2
Mr. Choo Chih Chien Benjamin (resigned on 30 November 2021)	6/6	2/2
Mr. Tong Wing Chi (resigned on 31 March 2022)	8/8	2/2
Mr. Shek Jun Chong	9/9	1/2
Mr. Qiu Yue	9/9	1/2
Mr. Lui Kwun Yuen (appointed on 23 December 2021)	1/1	N/A
Mr. Wong Kwang Fai (appointed on 31 March 2022)	N/A	N/A

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with all the Directors and each of the Directors has confirmed that he has complied with the Model Code during FY2022.

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

Delegation by the Board

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

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

Corporate Governance Function

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

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

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

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

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

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

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

During FY2022, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee consists of four members, namely, Mr. Wong Kwong Fai, Ms. Feng Jiamin, Mr. Shek Jun Chong and Mr. Qiu Yue. Mr. Wong Kwong Fai is the chairman of the Nomination Committee, and except Ms. Feng Jiamin, an executive Director, the rest of them are independent non-executive Directors.

The principal duties of the Nomination Committee include the followings:

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

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

During FY2022, four meetings of the Nomination Committee were held and the attendance record of the Nomination Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Choo Chih Chien Benjamin (resigned on 30 November 2021)	1/1
Mr. Chiam Soon Chian (Zhan Shunquan) (resigned on 23 December 2021)	2/2
Mr. Michael Shi Guan Wah (resigned on 29 October 2021)	1/1
Mr. Shek Jun Chong	4/4
Mr. Qin Yue	4/4
Ms. Feng Jiamin (appointed on 29 October 2021)	3/3
Mr. Tong Wing Chi (appointed on 30 November 2021 and resigned on 31 March 2022)	1/1

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

Nomination Policy

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

1. *Purpose*

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

2. *Selection Principle*

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

(1) The Company's development strategy needs;

(2) Reputation for integrity;

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

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

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

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

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

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

3. *Nomination Procedure*

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

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

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

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

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

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

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

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

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

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

4. Responsibility

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

5. Monitoring and Reviewing

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

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

Board Diversity Policy

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

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

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

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Shek Jun Chong, Mr. Qiu Yue and Mr. Lui Kwun Yuen. Mr. Shek Jun Chong is the chairman of the Remuneration Committee, all of them are independent non-executive Directors.

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

During FY2022, four meetings of the Remuneration Committee were held and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Cher Choong Kiak (resigned on 30 November 2021)	1/1
Mr. Chiam Soon Chian (Zhan Shunquan) (resigned on 23 December 2021)	2/2
Mr. Shek Jung Chong	4/4
Mr. Qiu Yue	4/4
Mr. Lui Kwun Yuen (appointed on 23 December 2021)	1/1

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

Details of the remuneration paid to the senior management of the Group by band, whose biographies are set out on pages 15 to 19 of this annual report, for the year are set out below:

Remuneration band (S$'000)	Number of individuals
S$101 to S$200	1
S$301 to S$400	2
S$601 to S$700	1
S$901 to S$1000	1

Audit Committee

The Audit Committee currently comprises all the three independent non-executive Directors, namely, Mr. Wong Kwong Fai, Mr. Shek Jun Chong and Mr. Qiu Yue. Mr. Wong Kwong Fai is the chairman of the Audit Committee.

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

During FY2022, three meetings of the Audit Committee were held and the attendance record of the Audit Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Chiam Soon Chian (Zhan Shunquan) (resigned on 23 December 2021)	3/3
Mr. Cher Choong Kiak (resigned on 30 November 2021)	3/3
Mr. Choo Chih Chien Benjamin (resigned on 30 November 2021)	3/3
Mr. Tong Wing Chi (resigned on 31 March 2022)	3/3
Mr. Shek Jung Chong	3/3
Mr. Qiu Yue	3/3
Mr. Wong Kwong Fai (appointed as a member on 31 March 2022)	N/A

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

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

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 March 2022 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 49 to 55 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate risk management and internal control systems to safeguard the investments of the Shareholders and assets of the Company and reviewing the effectiveness of such systems on an annual basis. Risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

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

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

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems during FY2022.

The Group has outsourced its internal audit function, which is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, during FY2022, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Inside Information

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

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

AUDITOR AND THEIR REMUNERATION

The report of the auditor of the Company about their reporting responsibilities on the Group's financial statements for FY2022 is set out in the section "Independent Auditor's Report" of this report. During FY2022, remuneration paid and payable to the auditor of the Group are approximately S$130,000 for annual audit fee.

COMPANY SECRETARY

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship, communicating between the Company and its Shareholders and maintaining a website at www.trendzon1865.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business of the Company in Hong Kong at Suite 2108, Prudential Tower, The Gateway, Harbour City, Hong Kong (email address: admin@trendzon.org).

Dividend Policy

The Company has adopted a dividend policy pursuant to code provision F.1.1 of the CG Code, pursuant to which the Company may declare dividends recommended by the Board to the shareholders.

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

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

CHANGE IN CONSTITUTIONAL DOCUMENTS

For FY2022, there is no significant change in constitutional documents of the Company.

McMillanWoods
Professionalism at the forefront

TO THE SHAREHOLDERS OF TRENDZON HOLDINGS GROUP LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Trendzon Holdings Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 56 to 138, which comprise the consolidated statement of financial position as at 31 March 2022, 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.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are: (i) revenue recognition for construction contract and; (ii) recoverability of carrying amount of investment in joint venture

Key Audit Matters	How our audit addressed the key audit matter
Revenue recognition for construction contract	
Refer to note 4.17 and note 9 to the consolidated financial statements The Group's revenue from construction contracts is recognised over the period of the contract. For the year ended 31 March 2022, the revenue recognised from construction contracts amounted to S$46,368,000. The revenue was recognised using the 5-step approach under IFRS 15 by identifying the contract with customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations in the contract; and recognising revenue as the entity satisfies a performance obligation over time.	We performed the following procedures in relation to management's estimates of transaction price and contract costs in respect of the revenue recognition: – We obtained understanding and performed evaluation and validation of the relevant controls in place over preparation of and revisions to the estimated transaction price and total costs for the construction contracts and the recording of actual costs incurred for each contract; – We selected, on a sample basis, construction contracts to test the total contract value to the contracts, variation orders (if any) and/or other forms of agreements and correspondences; – We selected, on a sample basis, construction contracts to assess the appropriateness of the significant cost components, based on our understanding on the nature of each project and the components that make up the total estimated construction cost for each project, referencing to actual costs incurred on completed contracts of a similar nature. We also checked supporting documents such as quotations and contracts with suppliers for the estimated cost;

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

Key Audit Matters	How our audit addressed the key audit matter
Recoverability of carrying amount of investment in a joint venture	
Refer to notes 4.3 and 23 to the consolidated financial statements As at 31 March 2022, the Group had investment in a joint venture with carrying amount of S$6,203,000. Management performed assessment at the end of reporting period whether there is any indication that the investment in a joint venture may be impaired. Should indication of impairment exist, an impairment assessment will be performed accordingly. The recoverable amount of the investment in a joint venture is measured under asset-based approach which is focusing on the net asset value of a joint venture in particular to the fair market value of its total assets minus its total liabilities, to determine what it would cost to recreate the business of the joint venture. Management has concluded that there was no impairment in respect of the investment in a joint venture at 31 March 2022. This area is significant to our audit because of the significance of the carrying amount of the assets and the significant management judgement involved in determining the fair value of the net asset value of a joint venture that the Group invested under asset based approach which involves estimation uncertainties and may impact the results of the impairment assessments.	We obtained an understanding on the Group's policies and procedures to identify impairment indicators of investment in a joint venture, and performed the following procedures in relation to management's impairment assessments: – Evaluated the internal sources and external sources of information to identify impairment indications, if any; – Obtained an understanding of the management's internal control and assessment process of impairment of investment in a joint venture and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud; – Evaluated the appropriateness of the asset-based approach adopted for the impairment assessment; – Challenged the reasonableness of key assumptions such as fair values of net assets value of a joint venture being determine by management by comparing against available market information; – Involved our valuation expert to evaluate the valuation methodologies and assess the reasonableness of key inputs in the impairment assessment applied by management and benchmarked the key inputs applied to other comparable companies in the same industry, where applicable; – Agreed key inputs to supporting evidence, such as market data; and recalculated the recoverable amount; and – Evaluated management's sensitivity analysis around the key assumptions, to ascertain the extent of change in those assumptions that either individually or collectively would be required for the investment to be impaired, where applicable.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 29 June 2021.

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Lo Ka Ki
Audit Engagement Director
Practising Certificate Number P06633
24/F, Siu On Centre,
188 Lockhart Road,
Wan Chai,

Hong Kong, 26 July 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2022

	Notes	2022 S$'000	2021 S$'000
Revenue	9	59,099	43,450
Cost of sales	12	(49,238)	(33,470)
Gross profit		9,861	9,980
Other income	10	4,201	3,017
Other (losses)/gains, net	11	(745)	(1,420)
Allowance for expected credit losses		(196)	–
Share of loss of a joint venture		(140)	–
Administrative expenses	12	(9,572)	(7,152)
Operating profit		3,409	4,425
Finance costs	14	(1,563)	(371)
Profit before income tax		1,846	4,054
Income tax expense	15	(822)	(800)
Profit for the year		1,024	3,254
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(299)	(1)
Other comprehensive loss for the year		(299)	(1)
Total comprehensive income for the year		725	3,253
Earnings per share for the profit attributable to owners of the Company for the year			
Basic and diluted (Singapore dollars "SGD" in cents)	16	0.11	0.35

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 S$'000	2021 S$'000
Non-current assets			
Property, plant and equipment	19	19,313	22,055
Right-of-use assets	20	3,414	3,277
Intangible assets	21	42	9
Investment properties	22	–	–
Investment in a joint venture	23	6,203	–
Prepayment for purchase of subsidiaries	25	346	1,563
		29,318	26,904
Current assets			
Financial assets at fair value through profit or loss	24	–	882
Trade and other receivables	25	25,734	20,572
Loan receivables	26	12,447	–
Amount due from a joint venture	23	2,896	–
Contract assets	27	23,581	13,564
Fixed deposits	28(b)	102	102
Cash and cash equivalents	28(a)	9,054	11,912
		73,814	47,032
Current liabilities			
Trade and other payables	29	11,515	8,269
Borrowings	31	21,673	10,875
Lease liabilities	30	574	243
Current income tax liabilities		957	1,368
		34,719	20,755
Net current assets		39,095	26,277
Total assets less current liabilities		68,413	53,181

As at 31 March 2022

	Notes	2022 S$'000	2021 S$'000
Non-current liabilities			
Borrowings	*31*	**23,848**	8,864
Lease liabilities	*30*	**2,899**	3,061
Deferred income tax liabilities	*32*	**498**	813
		27,245	12,738
Net assets		**41,168**	40,443
Capital and reserves			
Share capital	*33*	**1,589**	1,589
Reserves		**39,579**	38,854
Total equity		**41,168**	40,443

The statement of financial position of the Company was approved by the Board of Directors on 26 July 2022 and was signed on its behalf.

Director *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2022

	Share capital S$'000	Share premium S$'000	Merger reserve (Note ii) S$'000	Retained earnings S$'000	Exchange reserve (Note i) S$'000	Total S$'000
As at 1 April 2020	1,589	17,138	1,500	16,963	–	37,190
Profit for the year	–	–	–	3,254	–	3,254
Other comprehensive loss for the year	–	–	–	–	(1)	(1)
Total comprehensive income for the year	–	–	–	3,254	(1)	3,253
At 31 March 2021 and 1 April 2021	1,589	17,138	1,500	20,217	(1)	40,443
Profit for the year	–	–	–	1,024	–	1,024
Other comprehensive loss for the year	–	–	–	–	(299)	(299)
Total comprehensive income for the year	–	–	–	1,024	(299)	725
At 31 March 2022	1,589	17,138	1,500	21,241	(300)	41,168

Notes:

(i) The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(ii) The merger reserve arose from the issue of the Company's shares in exchange for the shares of companies being acquired, and represents the difference between the nominal value of the shares issued by the Company in exchange for the value of the subsidiaries acquired.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 S$'000	2021 S$'000
OPERATING ACTIVITIES			
Profit before income tax		1,846	4,054
Adjustments for:			
Depreciation of property, plant and equipment	19	2,614	3,313
Amortisation of intangible assets	21	23	40
Losses/(gains) on disposal of property, plant and equipment	11	105	(5)
Realised losses/(gains) on disposal of financial assets at fair value through profit or loss	11	72	(19)
Written-off of property, plant, and equipment	11	6	522
Unrealised losses on fair value changes in leasehold properties/investment properties	11	562	770
Depreciation of right-of-use assets	20	582	362
Unrealised gains on fair value change on financial assets at fair value through profit or loss	11	–	(15)
Net foreign exchange gains		–	18
Purchase of financial assets at fair value through profit or loss		(2,531)	(2,861)
Proceeds from disposal of financial assets at fair value through profit or loss		3,341	2,012
Allowance for expected credit losses of trade and other receivables	25	43	–
Allowance for expected credit losses of contract assets	27	28	–
Allowance for expected credit losses of loan receivables	26	125	–
Share of loss of a joint venture	23	140	–
Interest income		(32)	(5)
Finance costs		1,563	371
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL		8,487	8,557
Increase in contract assets/(liabilities)		(10,045)	(86)
Increase in amount due from a joint venture		(2,896)	–
Increase in loan receivables		(12,572)	–
Increase in trade and other receivables		(3,988)	(13,825)
Increase in trade and other payables		2,455	3,672
CASH USED IN OPERATIONS		(18,559)	(1,682)
Interest received		32	5
Income tax paid		(1,548)	(388)
NET CASH USED IN OPERATING ACTIVITIES		(20,075)	(2,065)

For the year ended 31 March 2022

	Notes	2022 S$'000	2021 S$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties		**(1,717)**	(17,181)
Proceeds from disposal of property, plant and equipment		**1,172**	75
Net cash inflow from acquisition of a subsidiary		**–**	73
Acquisition of a joint venture		**(6,343)**	–
Purchase of intangible assets		**(56)**	–
Addition in fixed deposit		**–**	(2)
NET CASH USED IN INVESTING ACTIVITIES		**(6,944)**	(17,035)
FINANCING ACTIVITIES			
Proceeds from issuance of bonds		**26,995**	6,848
Repayment of bonds		**(713)**	–
Interest paid for term loans		**(166)**	(83)
Interest paid for other borrowings		**–**	(29)
Interest paid for lease liabilities		**(74)**	(48)
Interest paid for hire purchase liabilities		**(34)**	(30)
Interest paid for bonds		**(415)**	–
Proceeds from drawdown of other borrowings		**–**	4,307
Repayment of other borrowings		**(6)**	(4,864)
Principal elements of lease payments		**(550)**	(335)
Proceeds from draw down of term loans		**2,000**	11,634
Repayment of term loans		**(1,776)**	(890)
Repayment of obligation under hire purchase liabilities		**(801)**	(1,101)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**24,460**	15,409
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,559)**	(3,691)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(299)**	(16)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	28(a)	**11,912**	15,619
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	28(a)	**9,054**	11,912

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1 CORPORATE INFORMATION

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

The Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1–1111, Cayman Islands. The principal place of business in Singapore is 38 Senoko Road, Singapore 758110. The principal place of business in Hong Kong is Suite 2108, Prudential Tower, The Gateway, Harbour City, Hong Kong. The audited consolidated financial statements are presented in thousands of units of Singapore dollars ("**S$'000**"), unless otherwise stated.

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

The consolidated financial statements have been approved by the Board of Directors on 26 July 2022.

2 BASIS OF PREPARATION

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

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3 APPLICATION OF NEW AND REVISED TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND CHANGE IN ACCOUNTING POLICIES

New and revised to IFRS that are mandatorily effective for the current year

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

IFRS 16 (Amendments)	Covid-19-Related Rent Concessions
IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phrase 2
IFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021

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

New and revised to IFRSs in issue but not yet effective

The published new standards and amendments that are relevant to the Group, but not yet effective for the current reporting period and have not been early adopted by the Group are set out as follows:

	Effective for accounting periods beginning on or after
Annual Improvements to IFRSs 2018-2020	1 January 2022
IAS 1 (Amendments) – Classification of Liabilities as Current or Non-current	1 January 2023
IAS 1 and IFRS Practice Statement 2 (Amendments) – Disclosure of Accounting Policies	1 January 2023
IAS 8 (Amendments) – Definition of Accounting Estimates	1 January 2023
IAS 12 (Amendments) – Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 3 (Amendments) – Reference to the Conceptual Framework	1 January 2022
IAS 16 (Amendments) – Property, Plant and Equipment – Proceeds before Intended use	1 January 2022
IAS 37 (Amendments) – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 10 and IAS 28 (Amendments) – Sale or contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3 APPLICATION OF NEW AND REVISED TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND CHANGE IN ACCOUNTING POLICIES (Continued)

Previously, the Group's leasehold properties classified as property, plant and equipment was stated at cost model under IAS16 "Property, Plant and Equipment", under which this asset is carried at historical cost less aggregate depreciation and accumulated impairment losses.

With effect from 31 March 2022, the Group revised its accounting policy in respect of leasehold properties at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation was eliminated against the gross carrying amount of the asset and the net amount was restated to the revalued amount of the asset. Any revaluation increase arising on the revaluation of such leasehold properties are recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such leasehold properties are recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

The change in the accounting policies was made to increase the relevancy of financial data to the users of the financial statements by taking into consideration of the fair value of the assets of the Group.

This change in accounting policy has been accounted for prospectively, and no comparative figures have been restated.

Effect on Consolidated Financial Statements

	At 31 March 2022 *S$'000*
Decrease in property, plant and equipment	562
Decrease in profit or loss	562

4 SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment/leasehold properties and financial assets at fair value through profit or loss).

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

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.

4.1 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, 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. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Business combination

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

4.3 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Joint arrangements (Continued)

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

The Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

4.4 Foreign currency translation

(i) Functional and presentation currency

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

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Foreign currency translation (Continued)

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

4.5 Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment, other than leasehold properties, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Property, plant and equipment (Continued)

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. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Leasehold properties held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such leasehold properties are recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such leasehold properties are recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation of revalued leasehold properties are recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

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

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Intangible assets

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

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

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

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

4.7 Investment properties

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 4.7.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Leases (Continued)

(i) The Group as a lessee (Continued)

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

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

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

4.10 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Financial assets (Continued)

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

– Amortised cost: if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– Financial assets at fair value through other comprehensive income ("**FVTOCI**"): recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– Financial assets at fair value through profit or loss ("**FVTPL**"): if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

4.11 Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Loan receivables

Loan receivables are carried at amortised cost using the effective interest method less allowance for credit loss (see note 6b) except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such case, loan receivables are stated at cost less allowance for credit loss. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of reporting period. These are classified as non-current assets.

Interest income is recognised on an effective interest basis.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flow. Cash and cash equivalents are assessed for expected credit losses ("ECL").

4.14 Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

4.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

4.16 Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Revenue and other income

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

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

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

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

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

(i) Revenue from construction contract

Identifying the contracts with customer

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Revenue and other income (Continued)

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

Identifying the performance obligations in the contract

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

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

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

Recognising revenue as the entity satisfies a performance obligation over time

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

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Revenue and other income (Continued)

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

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

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

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Revenue and other income (Continued)

(ii) Revenue from trading of building materials

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

(iii) Interest income

Interest income is recognised using the effective interest method.

4.18 Employee benefits

(i) Employee leave entitlements

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

(ii) Retirement benefit costs

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

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.18 Employee benefits (Continued)

(ii) Retirement benefit costs (Continued)

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

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

4.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asses. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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

4.20 Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.21 Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.21 Taxation (Continued)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IFRS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4.22 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revalutation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.23 Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on trade receivables, contract assets, deposits paid, other receivables and loan receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets, deposits paid, other receivables and loan receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.23 Impairment of financial assets and contracts assets (Continued)

(i) Significant increase in credit risk (Continued)

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

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

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

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

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.23 Impairment of financial assets and contracts assets (Continued)

(i) Significant increase in credit risk (Continued)

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

(ii) Definition of default

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.23 Impairment of financial assets and contracts assets (Continued)

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.23 Impairment of financial assets and contracts assets (Continued)

(v) Measurement and recognition of ECL (Continued)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

4.24 Provisions and contingent liabilities

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

Where 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 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 is remote.

5 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical Judgements in Applying Accounting Policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Revenue recognition of construction contracts relating to accounting for variation orders

During the course of business, the Group would make claims for additional work performed, which may arise either under specific circumstances provided for under the contracts, or due to variations made to the contract specifications by customers. Where the amounts of such claims have not been formally agreed at the end of the reporting period, the amount recoverable as estimated by management is included in the contract assets in determining the estimated recoverable amount.

(b) Significant increase in credit risk

As explained in note 4.23, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(c) Joint control assessment

Although the Group holds 51% of the voting rights of its joint arrangement of Trendzon Park Project Investment and Development (Zhongshan) Company Limited. However, the directors have determined that the Group has joint control over the arrangement as under the contractual agreement, it appears that unanimous consent is required from all parties to the agreement for all relevant activities.

Key Sources of Estimation Uncertainty

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

5 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key Sources of Estimation Uncertainty (Continued)

(d) *Revenue and profit recognition of construction contracts*

As disclosed in note 4.17 to the consolidated financial statements, revenue recognition on a construction contract is dependent on management's estimation of the total outcome of the construction contracts, as well as the work done to date. The management reviews and revises the estimates of contract revenue, contract costs, variation orders and provision for claims, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations provided by contractors, suppliers or vendors involved and the experience of the management. In order to keep the budgets accurate and up-to-date, the management conducts periodic reviews on the budgets by comparing the budgeted amounts to the actual amounts incurred. When the final cost incurred by the Group is different from the amounts initially budgeted, such differences will impact revenue and the profit or loss recognised on the contracts. The provision for claims is determined on the basis of the delay in the number of workdays of the completion of the construction works which is highly subjective and is subject to negotiation with the customers. Management conducts periodic review of the provision amount. Significant judgement is required in estimating the contract revenue, contract costs, variation works and provision for claims which have an impact on the percentage of completion of contracts and profit or loss recognised.

At the end of the reporting period, the Group's contract assets were amounted to approximately S$23,581,000 (2021: S$13,564,000).

(e) *Fair value of leasehold properties*

For the purpose of measuring the Group's leasehold properties in Singapore at revaluation model, the Group appointed an independent professional valuer to assess the fair value of the leasehold properties. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of the Group's leasehold properties as at 31 March 2022 was S$13,430,000 (2021: S$14,436,000).

5 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key Sources of Estimation Uncertainty (Continued)

(f) Allowance for trade and other receivables, loan receivables, contract assets and amount due from a joint venture

The management of the Group estimates the amount of allowance for ECL on trade and other receivables, loan receivables, contract assets and amount due from a joint venture based on the credit risk of these receivables. The amount of the allowance based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 March 2022, the aggregated carrying amount of trade and other receivables, loan receivables, contract assets and amount due from joint venture is S$64,658,000 (net of allowance for ECLs of S$196,000) (2021: S$34,136,000 (net of allowance for ECLs of Nil)).

(g) Impairment assessment of investment in a joint venture

The Group determines whether investment in a joint venture is impaired by regularly review whether there are any indicators of impairment of the investment by reference to the requirements under IAS 28 (2011) “Investments in Associates and Joint Ventures” and IAS 36 “Impairment of Assets”. For investment where impairment indicators exist, management estimated the recoverable amounts of the investment, being higher of fair value less costs of disposal and value in use. The value in use of the underlying business is determined based on the discounted cash flow projections. Calculation of fair value by asset-based approach requires valuation technique which used information generated by market transactions involving identical and comparable group of assets and liabilities to adjust the book value of joint venture’s assets. Independent external valuers were also involved in the fair value and value in use assessments, where appropriate.

No impairment loss on investment in a joint venture was considered to be necessary by management of the Group at 31 March 2022.

(h) Income and deferred income taxation

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

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

6 FINANCIAL RISK MANAGEMENT

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

(a) Market risk

(i) Foreign exchange risk

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

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

Sensitivity analysis

The Group is primarily exposed to changes in HK$/S$ and RMB/S$ exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from HK$ and RMB denominated financial instruments in group companies with S$ as functional currency.

As at 31 March 2022

Net liabilities denominated in:	**Change in exchange rate** ***+/– in %***	**Impact on post-tax profit** ***–/+ S$'000***
– RMB	**4%**	**1,055**
– HKD	**4%**	**292**

As at 31 March 2021

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

6 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

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

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

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

As at 31 March 2022 and 2021, fixed deposits and borrowings bore fixed interest rates and therefore, they are exposed to fair value interest rate risk. Accordingly, no sensitivity analysis is performed.

(iii) Price risk

The Group's equity investments are exposed to price risk including currency translation difference as they are classified as fair value through profit or loss. The Group's financial assets at fair value through profit or loss of S$Nil (2021: S$882,000) are listed equities investment and classified as level 1 in the fair value hierarchy. Should the fair value increase/decrease by 23% with all other variables held constant, the post-tax profit would have been S$Nil higher/lower (2021: S$201,000). To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio and maintains a portfolio of investments with different risk profiles.

(b) Credit risk

Credit risks refer to the risk that the counter-party will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are trade and other receivables, bank balances, fixed deposits, contract assets, amount due from a joint venture and loan receivables. For trade receivables, the Group adopts policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counter-parties.

The Group does not provide any guarantees to external parties which would expose the Group to credit risk.

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

6 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Credit exposure to an individual counter-party is restricted by credit limits that are approved by the directors based on on-going credit evaluation. The counter-party's payment profile and credit exposure are continuously monitored by the directors of the Group. The Group has assessed that there are minimal credit risk arising from its other receivables and amount due from a joint venture.

The Group adopted general approach for ECL of other receivables and amount due from a joint venture. The Group considered these financial assets have not significantly increased in credit risk from initial recognition. Thus, these financial assets are classified in stage one and only considered 12-month ECLs. Considering the history of default and forward-looking factor, the ECL is minimal. As at 31 March 2022, an allowance for ECLs of other receivables and amount due from a joint venture of S$16,000 was recognised in profit or loss for the year ended 31 March 2022.

For trade receivables and contract assets, the Group is exposed to concentration of credit risk as at 31 March 2022 from the Group's top five customers accounted for 95% (2021: 97%) of the total trade receivables and contract assets balance. The major customers of the Group are reputable organisations which comprise mainly gas, water, telecommunications and power utility companies in the private sector; and Singapore government agencies such as those governing water utility and catchment in the public sector. Management considers that the credit risk is limited in this regard.

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2022 and 31 March 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it renders services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

According to above mentioned consideration, the Group does not expect any significant default possibility and loss allowance of trade receivables and contract assets are minimal. As at 31 March 2022, an allowance for ECLs of trade receivables and contract assets of S$55,000 (2021: Nil) was recognised in the profit or loss for the year ended 31 March 2022.

6 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The Group adopted general approach for ECL of loan receivables. In order to minimise the credit risk of loan receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken for the recoverable amount. In addition, the Group reviews the recoverable amount of each individual's loan receivables at the end of each reporting period to ensure that adequate allowance loss are made for irrecoverable amounts.

As at 31 March 2022, based on past experience adjusted for factors that are specific to the general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions, the directors of the Company are of the opinion that the allowance for ECLs of S$125,000 (2021: Nil) was recognised as at 31 March 2022. The Group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customer based on the customer's financial position, past experience and other factors. Individual risk limits are set based on the value of collaterals provided by customers and internal or external ratings in accordance with limits set by the directors. The utilisation of credit limits is regularly monitored.

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

Allowance of all receivables are presented as net allowance within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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

At 31 March 2022

Contract assets:	Non-credit impaired S$'000	Credit-impaired S$'000	Total S$'000
Gross carrying amount	23,609	–	23,609
Loss allowance	(28)	–	(28)
Net carrying amount	23,581	–	23,581
Expected loss rate	0.12%	–	0.12%

6 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

At 31 March 2021

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

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

At 31 March 2022

Trade receivables:	**Non-credit impaired** ***S$'000***	**Credit-impaired** ***S$'000***	**Total** ***S$'000***
Gross carrying amount	**12,931**	**–**	**12,931**
Loss allowance	**(27)**	**–**	**(27)**
Net carrying amount	**12,904**	**–**	**12,904**
Expected loss rate	**0.21%**	**–**	**0.21%**

6 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

As at 31 March 2021

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

At 31 March 2022

Loan receivables:	**Stage 1** ***S$'000***	**Stage 2** ***S$'000***	**Stage 3** ***S$'000***	**Total** ***S$'000***
Gross carrying amount	**12,572**	**–**	**–**	**12,572**
Loss allowance	**(125)**	**–**	**–**	**(125)**
Net carrying amount	**12,447**	**–**	**–**	**12,447**
Expected loss rate	**0.99%**	**–**	**–**	**0.99%**

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

At 31 March 2022

Other financial assets measured at amortised cost, excluding cash at banks and prepayments:	**Stage 1** ***S$'000***	**Stage 2** ***S$'000***	**Stage 3** ***S$'000***	**Total** ***S$'000***
Gross carrying amount	**7,194**	**–**	**–**	**7,194**
Loss allowance	**(16)**	**–**	**–**	**(16)**
Net carrying amount	**7,178**	**–**	**–**	**7,178**
Expected loss rate	**0.22%**	**–**	**–**	**0.22%**

6 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

At 31 March 2021

Other financial assets measured at amortised cost, excluding cash at banks and fixed deposits:	Stage 1 *S$'000*	Stage 2 *S$'000*	Stage 3 *S$'000*	Total *S$'000*
Gross carrying amount	3,197	–	–	3,197
Loss allowance	–	–	–	–
Net carrying amount	3,197	–	–	3,197
Expected loss rate	0%	–	–	0%

Movements of allowance for trade receivables, contract assets, loan receivables and other financial assets measured at amortised cost, excluding cash at banks and prepayments, is as follows:

	General approach			Simplified approach	
At 31 March 2022	**12-month ECL** ***S$'000***	**Lifetime ECL** ***S$'000***	**Lifetime ECL credit impaired** ***S$'000***	**Lifetime ECL** ***S$'000***	**Total** ***S$'000***
At 1 April 2021	–	–	–	–	–
Allowance for the year	141	–	–	55	196
At 31 March 2022	141	–	–	55	196

6 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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

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

At 31 March 2022	**Repayable on demand** *S$'000*	**Less than 1 year** *S$'000*	**2 to 5 years** *S$'000*	**Over 5 years** *S$'000*	**Total** *S$'000*
Borrowings	**–**	**23,365**	**24,014**	**1,997**	**49,376**
Lease liabilities	**–**	**633**	**719**	**2,895**	**4,247**
Trade and other payables	**–**	**11,515**	**–**	**–**	**11,515**
	–	**35,513**	**24,733**	**4,892**	**65,138**

At 31 March 2021	Repayable on demand *S$'000*	Less than 1 year *S$'000*	2 to 5 years *S$'000*	Over 5 years *S$'000*	Total *S$'000*
Borrowings	–	11,546	7,102	2,597	21,245
Lease liabilities	–	308	795	3,040	4,143
Trade and other payables	–	8,269	–	–	8,269
	–	20,123	7,897	5,637	33,657

6 FINANCIAL RISK MANAGEMENT (Continued)

(d) Capital risk management

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

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

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

The gearing ratios as at 31 March 2022 and 2021 were as follows:

	2022 ***S$'000***	2021 *S$'000*
Total borrowings and lease liabilities	**48,994**	23,043
Total equity	**41,168**	40,443
Gearing ratio	**119.0%**	57.0%

The gearing ratio increased from 57.0% to 119.0% resulted from addition in borrowings during the year.

A subsidiary of the Company has borrowing that is subject to covenant relating to a loan of a loan-to-value ratio below 60% and 80% for 2 properties (2021: 60% and 80% for 2 properties), and to maintain a consolidated net worth of not less than S$14 million (2021: S$14 million). The loan-to-value ratio refers to the ratio of loan amount over the market value of a leasehold property. Net worth is defined as the sum of the subsidiary's paid-up capital and retained profits.

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

6 FINANCIAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments

	2022 S$'000	2021 S$'000
Financial assets		
Financial assets at fair value through profit or loss		
– Financial assets at fair value through profit or loss	–	882
Financial assets at amortised cost		
– Trade and other receivables	17,186	12,737
– Loan receivables	12,447	–
– Amount due from a joint venture	2,896	–
– Fixed deposits	102	102
– Cash and cash equivalents	9,054	11,912
	41,685	24,751
	41,685	25,633
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	11,515	8,269
– Borrowings	45,521	19,739
	57,036	28,008

7 FAIR VALUE MEASUREMENTS

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

Leve 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Leve 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Leve 3: Unobservable inputs for the asset or liability.

7 FAIR VALUE MEASUREMENTS (Continued)

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

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

At 31 March 2022	Level 1 *S$'000*	Level 2 *S$'000*	Level 3 *S$'000*
Recurring fair value measurments:			
Leasehold properties under property, plant and equipment	–	–	13,430
Financial assets at fair value through profit or loss	–	–	–
	–	–	13,430

At 31 March 2021	Level 1 *S$'000*	Level 2 *S$'000*	Level 3 *S$'000*
Recurring fair value measurments:			
Leasehold properties under property, plant and equipment	–	–	–
Financial assets at fair value through profit or loss	882	–	–
	882	–	–

During the year, there was no significant transfers between Level 1, Level 2 and Level 3.

7 FAIR VALUE MEASUREMENTS (Continued)

Fair value measurements using significant unobservable inputs (level 3)

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

The following table presents the changes in level 3 items for the years ended 31 March 2022 and 2021 for recurring fair value measurements:

	Leasehold properties S$'000	Investment properties S$'000	Total S$'000
At 1 April 2020	–	1,020	1,020
Addition	–	14,300	14,300
Fair value losses recognised in the consolidated profit or loss	–	(770)	(770)
Transfer	14,550	(14,550)	–
Depreciation	(114)	–	(114)
At 31 March 2021 and 1 April 2021	14,436	–	14,436
Depreciation	(444)	–	(444)
Revaluation deficit recognised in the consolidated profit or loss	(562)	–	(562)
At 31 March 2022	13,430	–	13,430
Unrealised losses presented in other (losses)/gains in consolidated statement of profit or loss	562	770	

7 FAIR VALUE MEASUREMENTS (Continued)

Fair value measurements using significant unobservable inputs (level 3) (Continued)

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

Description	Fair value *S$'000* 2022	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Property A	12,500	Direct comparion approach	Age of property factor Condition factor Time of transaction factor	Lower age, higher quality and transaction dates close to valuation date will result in correspondingly higher fair value
Property B	930	Direct comparion approach	Age of property factor Condition factor Time of transaction factor	Lower age, higher quality and transaction dates close to valuation date will result in correspondingly higher fair value

8 SEGMENT INFORMATION

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

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors consider the segment from a business perspective. The Group has two (2021: two) operating segments that qualify as reporting segment under IFRS 8 and the information that is regularly reviewed by the executive directors for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group.

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

8 SEGMENT INFORMATION (Continued)

	Segment revenue		Segment results	
	2022	2021	**2022**	2021
	S$'000	*S$'000*	***S$'000***	*S$'000*
Construction contracts	**46,368**	37,247	**7,277**	9,135
Trading of building materials	**12,731**	6,203	**2,584**	845
Total segment	**59,099**	43,450	**9,861**	9,980
Other income			**4,201**	3,017
Other (losses)/gains, net			**(745)**	(1,420)
Allowance for ECLs			**(196)**	–
Share of loss of a joint venture			**(140)**	–
Administrative expenses			**(9,572)**	(7,152)
Finance costs			**(1,563)**	(371)
Profit before income tax			**1,846**	4,054

Revenue reported in note 9 below represented transactions with third parties and are reported to the executive directors in a manner consistent with that in the consolidated statement of profit or loss.

For the year ended 31 March 2022, there was one customer (2021: one) which individually contributed over 10% of the Group's total revenue. During the years ended 31 March 2022 and 2021, the revenue contributed from this customer was as follows:

	2022	2021
	S$'000	*S$'000*
Customer A	**42,921**	31,392

As at 31 March 2022, the total assets in the construction contracts segment and trading of building materials segment were S$57,791,000 and S$18,328,000 respectively (2021: S$54,633,000 in construction contracts segment and S$17,008,000 in trading of building materials segments).

As at 31 March 2022, the total non-current assets other than prepayment for purchase of subsidiaries and investment in a joint venture were S$22,406,000 in Singapore and S$363,000 in Hong Kong respectively (2021: S$24,774,000 in Singapore and S$567,000 in Hong Kong).

9 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

	2022 S$'000	2021 S$'000
Revenue from construction contracts		
Construction contracts relating to:		
– Gas	43,624	35,424
– Water	2,578	1,761
– Cable	166	62
	46,368	37,247
Revenue from trading of building materials		
Building materials	12,731	6,203
Total	59,099	43,450

	2022 S$'000	2021 S$'000
Revenue from contracts with customers within the scope of IFRS 15:		
Recognised overtime		
– Revenue from construction contracts	46,368	37,247
Recognised at a point in time		
– Revenue from trading of building materials	12,731	6,203
	59,099	43,450

9 REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

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

	For the year ended 31 March 2022		
	Revenue from construction contracts *S$'000*	Revenue from trading of building materials *S$'000*	Total *S$'000*
Geographical markets:			
– Singapore	46,368	–	46,368
– Hong Kong	–	12,731	12,731
	46,368	12,731	59,099

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

(b) Assets and liabilities related to contracts with customers

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

	2022 *S$'000*	2021 *S$'000*
Total contract assets:		
– Construction contracts	23,581	13,564
Total contract liabilities:		
– Construction contracts	–	–

Contract assets are related to fixed price specialised pipeline construction contracts.

No contract liabilities for specialised pipeline construction contracts were recognised as at 31 March 2022 as there was no prepayment for the contract activities (2021: Nil).

9 REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

(c) Unsatisfied performance obligation

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

	For the year ended 31 March 2022		
	Revenue from construction contracts *S$'000*	**Revenue from trading of building materials** *S$'000*	**Total** *S$'000*
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied:			
– Within 1 year after financial year	**50,343**	**–**	**50,343**
– Between 2 to 5 years after financial year	**1,060**	**–**	**1,060**
	51,403	**–**	**51,403**

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

For the year ended 31 March 2022

9 REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

(d) Trade receivables from contracts with customers

	2022 S$'000	2021 S$'000
Total contract assets:		
– Construction contracts	3,219	4,229
– Trading of building materials	9,712	3,748
	12,931	7,977

10 OTHER INCOME

	2022 S$'000	2021 S$'000
Rental income	–	133
Interest income	32	5
Government grants *(Note i)*	1,152	2,125
Loan Interest income	397	–
Recovered damage claims	1,963	–
Insurance claims	–	79
Others	657	675
	4,201	3,017

Note:

1. The government grant pertains to Job Support Scheme and Foreign Worker Levy rebates received during the year ended 31 March 2022.

11 OTHER (LOSSES)/GAINS, NET

	2022 S$'000	2021 S$'000
Unrealised gains on fair value change on financial assets at fair value through profit or loss	–	15
Realised (losses)/gains on disposal of financial assets at fair value through profit or loss	(72)	19
(Losses)/gains on disposal of property, plant, and equipment	(105)	5
Written off of property, plant, and equipment	(6)	(522)
Unrealised losses on fair value changes in leasehold/investment properties	(562)	(770)
Foreign exchange losses	–	(167)
	(745)	(1,420)

12 EXPENSES BY NATURE

	2022 S$'000	2021 S$'000
Material costs under construction operation	**10,172**	7,400
Cost of building materials sold	**10,147**	5,358
Subcontractor costs	**4,354**	4,189
Transportation costs	**413**	402
Auditor's remuneration		
– Audit services	**130**	183
– Non-audit services	**–**	–
Entertainment expenses	**206**	31
Rental expenses	**552**	957
Depreciation of property, plant and equipment *(note 19)*	**2,614**	3,313
Amortisation of intangible asset *(note 21)*	**23**	40
Depreciation of right-of-use assets *(note 20)*	**582**	362
Professional fees	**1,901**	1,632
Vehicle-related expenses	**1,290**	771
Repair and maintenance expenses	**1,189**	389
Employee benefit costs *(note 13)*	**11,544**	11,329
Insurance expenses	**509**	214
Project application fee	**4,075**	1,723
Stamp duties	**–**	424
Other expenses	**9,109**	1,905
Total cost of sales and administrative expense	**58,810**	40,622

13 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	2022 S$'000	2021 S$'000
Wages and salaries	**11,067**	10,930
Employer's contribution to defined contribution plans	**477**	399
	11,544	11,329

13 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Benefits and interest of directors

(i) Directors' emoluments

The remuneration of every director for the years ended 31 March 2022 and 2021 are set out below:

	Fees *S$'000*	Salaries, allowances, and benefits in kind *S$'000*	Employer's contribution to defined contribution plans *S$'000*	Discretionary bonuses *S$'000*	Total *S$'000*
For the year ended 31 March 2022					
Executive directors					
Mr. Michael Shi Guan Wah (Joint Chairman & CEO)	–	378	13	600	991
Ms. Feng Jiamin (Joint Chairman) *(Note i)*	–	74	–	–	74
Mr. Lok Ka Ho *(Note iii)*	–	–	–	–	–
Mr. Fong Hang Fai *(Note iv)*	–	–	–	–	–
Independent non-executive directors					
Mr. Cher Choong Kiak *(Note v)*	27	–	–	–	27
Mr. Chiam Soon Chian (Zhan Shunquan) *(Note vi)*	30	–	–	–	30
Mr. Choo Chih Chien Benjamin *(Note v)*	27	–	–	–	27
Mr. Shek Jun Chong *(Note iii)*	10	–	–	–	10
Mr. Qiu Yue *(Note iii)*	10	–	–	–	10
Mr. Tong Wing Chi *(Note iii)*	6	–	–	–	6
Mr. Lui Kwun Yuen *(Note vii)*	–	–	–	–	–
Mr. Wong Kwong Fai *(Note vii)*	–	–	–	–	–
	110	452	13	600	1,175

13 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Benefits and interest of directors (Continued)

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

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

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

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

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

Note iv: Mr. Fong Hang Fai was appointed as an executive director of the Company on 30 November 2021.

Note v: Mr. Cher Choong Kiak and Mr. Choo Chih Chien Benjamin were resigned as independent non-executive directors on 30 November 2021.

Note vi: Mr. Chiam Soon Chian (Zhan Shunquan) was resigned as an independent non-executive director on 23 December 2021.

Note vii: Mr. Lui Kwun Yuen and Mr. Wong Kwong Fai were appointed as an independent non-executive director on 23 December 2021 and 31 March 2022, respectively.

13 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Benefits and interest of directors (Continued)

(i) Directors' emoluments (Continued)

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

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Company or Operating Subsidiaries and no directors waived or agreed to waive any emolument during each of the years ended 31 March 2022 and 2021.

(ii) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the year ended 31 March 2022 (2021: Nil).

No payment was made to the directors as compensation for early termination of the appointment during the year ended 31 March 2022 (2021: Nil).

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

No payment was made to any former employers of the directors for making available the services of them as a director of the Company during the year ended 31 March 2022 (2021: Nil).

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

Save as disclosed in note 35(a), there were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 March 2022 (2021: Nil).

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

Save as disclosed in the note 35(a), no significant transactions, arrangements and contracts in relation to the Group's business to which Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2022 (2021: Nil).

13 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS

(Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include one director, whose emolument was reflected in the analysis presented in note 13(a) during the year ended 31 March 2022 (2021: three). The emoluments paid/payable to the remaining include four individuals (2021: two) are as follows:

	2022 S$'000	2021 S$'000
Wages and salaries	725	168
Bonuses	714	600
Employer's contribution to defined contribution plans	66	20
	1,505	788

The emoluments fell within the following bands:

	Number of individuals	
	2022	2021
Emolument band		
HK$0 to HK$1,000,000	1	–
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	1	–
HK$2,000,001 to HK$2,500,000	1	–
HK$3,500,001 to HK$4,000,000	1	1
	4	2

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

14 FINANCE COSTS

	2022 S$'000	2021 S$'000
Hire purchase liabilities	34	30
Lease liabilities	74	48
Term loan	181	189
Other borrowings	203	29
Bonds	1,071	75
	1,563	371

15 INCOME TAX EXPENSE

Tax for group company incorporated in Singapore has been provided at the applicable Singapore statutory corporate tax rate of 17% (2021: 17%) on the estimated assessable profit during the financial year. Companies within the Group that are incorporated in the Cayman Islands and the British Virgin Island ("**BVI**") are not subject to any income tax. The applicable tax rates for a qualified group company incorporated in Hong Kong is 8.25% on the first HK$2,000,000 of assessable profit and 16.5% on the remaining. The applicable tax rate for those non-qualified group companies incorporated in Hong Kong is 16.5%. The applicable tax rate for group company incorporated in the PRC is 25%.

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

	2022 ***S$'000***	2021 *S$'000*
Current tax		
Singapore profits tax		
Current year	**900**	1,138
Over-provision in prior years	**(15)**	(74)
	885	1,064
Hong Kong profits tax		
Current year	**252**	–
	1,137	1,064
Deferred income tax *(note 32)*	**(315)**	(264)
	822	800

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

	2022 ***S$'000***	2021 *S$'000*
Profit before income tax	**1,846**	4,054
Calculated at a taxation rate of 17% (2021: 17%)	**314**	689
Tax effect of different tax rate in other jurisdictions	**(35)**	(7)
Income not subject to tax	**(59)**	(189)
Expense not deductible	**222**	266
Tax losses not recognised	**165**	21
Partial tax exemption *(Note i)*	**(17)**	(17)
Over-provision in prior years	**(15)**	(74)
Others	**247**	111
	822	800

15 INCOME TAX EXPENSE (Continued)

Note:

(i) Partial tax exemption relates tax exemption of 75% on the first S$10,000 of normal chargeable income and a further 50% of tax exemption on the next S$190,000 of normal chargeable income since the financial year ended 31 March 2020.

(ii) At the end of reporting period, the Group has unrecongised tax losses of S$1,032,000 (2021: S$84,000) that are available to offset against future taxable profits. Included in the unrecognized tax losses of S$787,000 (2021: S$84,000) were derived from the PRC that will expire in five years from 2023 to 2026 and the remaining tax losses of S$245,000 (2021: Nil) can be carried forward indefinitely.

16 EARNINGS PER SHARE

(a) Basic earnings per share

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

	2022 ***S$'000***	2021 *S$'000*
Profit attributable to owners of the Company	**1,024**	3,254
Weighted average number of ordinary shares in issue *(thousands)*	**920,000**	920,000
Basic earnings per share *(Singapore cents)*	**0.11**	0.35

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

(b) Diluted

For the years ended 31 March 2022 and 2021, diluted earnings per share is the same as basic earnings per share as there was no potential dilutive ordinary shares.

17 DIVIDENDS

The directors have resolved not to declare any dividend for the year ended 31 March 2022 (2021: Nil).

For the year ended 31 March 2022

18 SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 March 2022 and 2021 are as follows. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiaries	Place and date of incorporation	Particulars of share capital	Equity interest attributable to the Group 2022	2021	Principal activities
Directly held by the Company:					
Integral Virtue Limited ("**IVL**")	BVI, 10 July 2018	1 share of US$1 each	100%	100%	Investment holding
Pioneer Galaxy Holdings Limited	BVI, 12 August 2020	10,000 shares of US$1 each	100%	100%	Investment holding
Jumbo Harvest Group Limited	BVI, 3 March 2021	1 share of US$1 each	100%	100%	Dormant
Trendzon Investment Group Limited	BVI, 28 March 2022	100 shares of US$1 each	100%	–	Investment holding
Trendzon Universe Group Limited	BVI, 28 March 2022	100 shares of US$1 each	100%	–	Investment holding
Indirectly held by the Company:					
HSC Pipeline Engineering Pte. Ltd	Singapore, 13 January 1993	1,500,000 shares of S$1 each	100%	100%	Infrastructural pipeline construction and related engineering services
Trendzon (Hong Kong) International Holding Co Ltd	Hong Kong, 25 January 2019	10,000 shares, totalling HK$10,000	100%	100%	Trading of building materials
Inner Mongolia City Environment Protection Pipeline Engineering Limited #	The PRC, 5 November 2020	Registered share capital of HK$10,000,000; Paid up: Nil	100%	100%	Investment holding
Trendzon Catering Entertainment Limited	Hong Kong, 13 September 2021	10,000 shares, totalling HK$10,000	100%	–	Dormant
Trendzon World Limited	Hong Kong, 13 September 2021	10,000 shares, totalling HK$10,000	100%	–	Dormant
All Good Finance Limited	Hong Kong, 16 June 2020	1 share, totalling HK$1	100%	–	Money lending
Trendzon (Guangzhou) Construction Investment Company Limited	The PRC, 18 June 2021	Registered share capital of RMB10,000,000; Paid up: Nil	100%	–	Engineering management & development consultants
Trendzon (Guangzhou) Industrial Park Investment Development Company Limited	The PRC, 18 June 2021	Registered share capital of RMB10,000,000; Paid up: Nil	100%	–	Real estate development, property management & investment consulting

Recognised as a wholly-foreign owned enterprise in the PRC.

19 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *S$'000*	Leasehold properties held for own use carried at fair value *S$'000*	Plant and machinery *S$'000*	Furniture and office equipment *S$'000*	Motor vehicles *S$'000*	Total *S$'000*
Cost or valuation						
At 1 April 2020	393	4,631	11,361	236	6,467	23,088
– Additions	170	–	2,377	84	253	2,884
– Transfer from investment properties	–	14,550	–	–	–	14,550
– Written-off	–	–	(3,046)	–	(5)	(3,051)
– Disposal	–	–	–	(3)	(210)	(213)
– Exchange alignment	(3)	–	–	–	–	(3)
As at 31 March 2021 and 1 April 2021	560	19,181	10,692	317	6,505	37,255
– Additions	1,412	–	213	36	56	1,717
– Written-off	–	–	(1,414)	–	–	(1,414)
– Disposal	–	–	(2,034)	–	(327)	(2,361)
– Depreciation eliminated against cost	–	(5,189)	–	–	–	(5,189)
– Deficit on revaluation	–	(562)	–	–	–	(562)
As at 31 March 2022	**1,972**	**13,430**	**7,457**	**353**	**6,234**	**29,446**
Accumulated depreciation						
At 1 April 2020	393	4,631	6,335	175	3,025	14,559
– Provided for the year	19	114	2,634	41	505	3,313
– Written-off	–	–	(2,524)	–	(5)	(2,529)
– Disposal	–	–	–	–	(143)	(143)
As at 31 March 2021 and 1 April 2021	412	4,745	6,445	216	3,382	15,200
– Provided for the year	125	444	1,491	49	505	2,614
– Written-off	–	–	(1,408)	–	–	(1,408)
– Disposal	–	–	(757)	–	(327)	(1,084)
– Write back on revaluation	–	(5,189)	–	–	–	(5,189)
As at 31 March 2022	**537**	**–**	**5,771**	**265**	**3,560**	**10,133**
Net carrying amount						
As at 31 March 2022	**1,435**	**13,430**	**1,686**	**88**	**2,674**	**19,313**
As at 31 March 2021	148	14,436	4,247	101	3,123	22,055

19 PROPERTY, PLANT AND EQUIPMENT (Continued)

The analysis of the cost or valuation of the above assets at the end of reporting period is as follows:

As at 31 March 2022

	Leasehold improvements S$'000	Leasehold properties S$'000	Plant and machinery S$'000	Furniture and office equipment S$'000	Motor vehicles S$'000	Total S$'000
At cost	1,435	–	1,686	88	2,674	5,883
At valuation	–	13,430	–	–	–	13,430
	1,435	13,430	1,686	88	2,674	19,313

As at 31 March 2021

	Leasehold improvements S$'000	Leasehold properties S$'000	Plant and machinery S$'000	Furniture and office equipment S$'000	Motor vehicles S$'000	Total S$'000
At cost	148	14,436	4,247	101	3,123	22,055
At valuation	–	–	–	–	–	–
	148	14,436	4,247	101	3,123	22,055

The Group's leasehold properties were revalued at 31 March 2022 on the open market value basis by reference to market evidence of recent transactions for similar properties by Savills Valuation and Professional Services (S) Pte Ltd, an independent firm of chartered surveyors.

The carrying amount of the Group's leasehold properties would be approximately S$13,992,000 (2021: S$14,436,000) had they been stated at cost less accumulated depreciation and impairment losses.

Leasehold properties with carrying amount of S$13,430,000 (2021: S$14,436,000) was pledged to the bank for term loans. Details are set out in note 31(i).

19 PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	2022 S$'000	2021 S$'000
Plant and machinery	–	1,859
Motor vehicles	–	146
	–	2,005

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

	2022 S$'000	2021 S$'000
At net book value		
Plant and machinery	1,324	1,879
Motor vehicles	124	334
	1,448	2,213

20 RIGHT-OF-USE ASSETS

	Leasehold land S$'000	Building S$'000	Office S$'000	Motor vehicle S$'000	Total S$'000
As at 1 April 2020	44	219	–	–	263
Additions	2,877	–	412	140	3,429
Early termination of lease	–	(53)	–	–	(53)
Depreciation	(138)	(166)	(46)	(12)	(362)
As at 31 March 2021 and 1 April 2021	2,783	–	366	128	3,277
Additions	78	–	–	641	719
Depreciation	(165)	–	(138)	(279)	(582)
As at 31 March 2022	2,696	–	228	490	3,414

20 RIGHT-OF-USE ASSETS (Continued)

Lease liabilities of S$3,473,000 (2021: S$3,304,000) are recognised with related right-of-use assets of S$3,414,000 as at 31 March 2022 (2021: S$3,277,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2022 S$'000	2021 S$'000
Interest expense on lease liabilities (included in finance costs)	74	48
Depreciation expenses on right-of-use assets	582	362
Expenses relating to short-term leases (included in cost of sales and administrative expenses)	552	957

Details of total cash outflow for leases is set out in note 34(a).

For both years, the Group leases various leasehold land, offices and motor vehicles for its operations. Lease contracts are entered into for fixed term of 2 year to 32 years (2021: 1 year to 32 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 March 2022 and 2021, there was no such triggering event.

21 INTANGIBLE ASSETS

	Computer software S$'000
Cost	
At 1 April 2020 and 31 March 2021 and 1 April 2021	123
Additions	56
At 31 March 2022	179
Accumulated amortisation	
At 1 April 2020	74
Amortisation for the year	40
At 31 March 2021 and 1 April 2021	114
Amortisation for the year	23
At 31 March 2022	137
Carrying amount	
At 31 March 2022	42
At 31 March 2021	9

22 INVESTMENT PROPERTIES

	2022 S$'000	2021 S$'000
At fair value		
At 1 April	–	1,020
Additions	–	14,300
Fair value losses recognised in the consolidated profit or loss	–	(770)
Transfer to property, plant and equipment	–	(14,550)
At 31 March	–	–

The following amounts are recognised in consolidated statement of profit or loss:

	2022 S$'000	2021 S$'000
Rental income	–	133
Direct operating expenses from investment properties that generated rental income	–	(40)

23 INVESTMENT IN A JOINT VENTURE

	2022 S$'000	2021 S$'000
Unlisted investment:		
Share of net assets	6,203	–

Details of the Group's joint venture at 31 March 2022 are as follows:

Name	Place of incorporation /registration	Registered and paid up capital	Percentage of ownership interest/ voting power held by the Group	Principal activities
Trendzon Park Project Investment and Development (Zhongshan) Company Limited	The PRC/ Mainland China	RMB80,000,000 Paid: RMB29,750,000	51%	Real estate development and management

23 INVESTMENT IN A JOINT VENTURE (Continued)

The following tables show information on the joint ventures that are material to the Group. These joint ventures are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the IFRS financial statements of the joint ventures.

	2022 S$'000	2021 S$'000
As at 31 March		
Non-current assets	15,000	–
Current assets	10,926	–
Current liabilities	(13,763)	–
Net assets	12,163	–
Group's share of net assets	6,203	–
Year ended 31 March		
Revenue	–	–
Loss for the year	(274)	–
Loss and total comprehensive income for the year	(274)	–
The Group's share of total comprehensive income of a joint venture	(140)	–

The amount due from a joint venture is unsecured, non-interest bearing and repayable on demand.

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	S$'000	*S$'000*
Equities investments listed in Hong Kong	**–**	882

	2022	2021
	S$'000	*S$'000*
By industry:		
Manufacturing – raw materials	**–**	288
Leasing	**–**	594
	–	882

	2022	2021
	S$'000	*S$'000*
Realised (losses)/gains on disposal of financial assets at fair value through profit or loss	**(72)**	19
Unrealised gains on fair value changes of financial assets at fair value through profit or loss	**–**	15
Net (losses)/gains in financial assets at fair value through profit or loss	**(72)**	34

As at 31 March 2021, financial assets at fair value through profit or loss are financial assets denominated in Hong Kong dollars. The carrying amounts of the above financial assets are measured at fair value through profit or loss in accordance with IFRS 9.

25 TRADE AND OTHER RECEIVABLES

	2022 S$'000	2021 S$'000
Current:		
Trade receivables	12,931	7,977
Less: Allowance for ECL	(27)	–
	12,904	7,977
Prepayments, deposits, and other receivables:		
– Prepayments	8,548	686
– Deposits to suppliers	–	8,712
– Deposits	1,289	592
– Other receivables	3,009	2,605
Less: Allowance for ECL	(16)	–
	12,830	12,595
Non-current:		
Prepayment for purchase of subsidiaries	346	1,563
	26,080	22,135

The Group normally grants credit terms to its customers ranging from 30 to 45 days. The ageing analysis of the trade receivables based on invoice date net of allowance for ECL is as follows:

	2022 S$'000	2021 S$'000
1 to 30 days	7,411	7,499
31 to 60 days	3,880	471
61 to 90 days	1,613	7
	12,904	7,977

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

	2022 S$'000	2021 S$'000
SGD	7,245	5,392
HKD	18,382	15,017
RMB	453	1,726
	26,080	22,135

25 TRADE AND OTHER RECEIVABLES (Continued)

Historically, the Group's loss arising credit risk relating to the customers are negligible as the Group's customers comprise mainly (i) gas, water, telecommunications and power utility companies in the private sector, (ii) Singapore government agencies such as those governing water utility and catchment in the public sector, and (iii) construction companies in private sector in Hong Kong. The ECL rate for the Group's customers are 0.21% and 0% for the years ended 31 March 2022 and 2021 respectively. The Group has assessed ECL by grouping the receivables based on shared credit risk characteristics. Accordingly, the Group is of the view that the ECL rate to be consistent throughout the financial year, by taking into consideration of the track record of regular repayment of receivables from the customers over time and also the outlook of economic environment from the perspective of each financial year.

26 LOAN RECEIVABLES

	2022	2021
	S$'000	*S$'000*
Loan receivables		
– Unsecured loans	**12,572**	–
Less: Allowance for ECL	**(125)**	–
	12,447	–
Amount due within one year included under current assets	**12,447**	–

The loans to customers had a loan period ranging from 6 to 12 months. The loans provided to customers bore fixed interest rate ranging from 3.25% to 6% per annum and were repayable according to the loan agreements.

	2022	2021
	S$'000	*S$'000*
Within 90 days	**–**	–
91 to 180 days	**1,674**	–
181 to 365 days	**10,773**	–
	12,447	–

The above ageing analysis is presented based on the maturity date.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken for the recoverable amount of the loan receivables. In addition, the Group reviews the recoverable amount of each individual's loan receivables at the end of reporting period to ensure that adequate allowance is made for irrecoverable amounts.

26 LOAN RECEIVABLES (Continued)

The Group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customer based on the customer's 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 directors of the Company. The utilisation of credit limits is regularly monitored.

Loan receivables are repayable in accordance with the terms of the loan agreements and all loan receivables are recoverable within 1 year. In determining the ECL of the Group's loan receivables, the management assessed the expected losses individually by estimation based on general economic conditions of each debtors such as value of any pledged assets, financial position of the debtors and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Quantitative information related to allowance for ECL of loan receivables was details in note 6(b) to the consolidated financial statements.

27 CONTRACT ASSETS/(LIABILITIES)

	2022 ***S$'000***	2021 *S$'000*
Contract assets		
Construction services	**23,347**	13,302
Retention receivables	**262**	262
	23,609	13,564
Less: Allowance for ECL	**(28)**	–
	23,581	13,564
Contract liabilities	**–**	–

The contract assets primarily relate to the Group's conditional right to a consideration in exchange for a satisfied performance obligations at the reporting date in respect of construction contracts. The contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

Retention receivables is unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts.

An allowance analysis in contract assets is performed at each reporting period using a provision matrix to measure the ECL, Quantitative information related to allowance for ECL of contract assets was detailed in note 6(b) to the consolidated financial statements.

For the year ended 31 March 2022

28 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS

(a) Cash and cash equivalents

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2022 S$'000	2021 S$'000
Cash at banks	9,054	11,912

The Group's cash and cash equivalents are denominated in the following currencies:

	2022 S$'000	2021 S$'000
SGD	4,093	10,277
USD	12	15
HKD	685	1,423
RMB	4,264	197
	9,054	11,912

(b) Fixed deposits

	2022 S$'000	2021 S$'000
Fixed deposits denominated in SGD	102	102

Fixed deposits as at 31 March 2022 bore interest rates ranging from 0.15% to 1.40% per annum (2021: 0.15% to 1.40%) and were pledged to the banking facility of the subsidiary of the Group.

29 TRADE AND OTHER PAYABLES

	2022 S$'000	2021 S$'000
Trade payables	5,579	4,163
Other payables:		
– Goods and services tax payables	–	478
– Advances received from customers	224	10
– Sundry creditors	6	196
Accrued expenses	1,451	479
Accrued for trade related costs	612	1,084
Accrual for employee benefit expenses	3,643	1,859
	11,515	8,269

The ageing analysis of the trade payables based on invoice date were as follows:

	2022 S$'000	2021 S$'000
1 to 30 days	3,610	2,449
31 to 60 days	1,647	1,257
61 to 90 days	322	438
Over 90 days	–	19
	5,579	4,163

The carrying amounts of trade and other payables approximate their fair values. The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2022 S$'000	2021 S$'000
SGD	10,263	8,089
USD	497	–
HKD	86	150
RMB	669	30
	11,515	8,269

For the year ended 31 March 2022

30 LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	**2022**	2021
	S$'000	*S$'000*	***S$'000***	*S$'000*
Within one year	**633**	308	**574**	243
More than one year, but not exceeding two years	**309**	394	**262**	338
More than two years, but not more than five years	**410**	401	**284**	301
More than five years	**2,895**	3,040	**2,353**	2,422
	4,247	4,143	**3,473**	3,304
Less: future finance charges	**(774)**	(839)	**N/A**	N/A
Present value of lease obligations	**3,473**	3,304	**3,473**	3,304
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(574)**	(243)
Amount due for settlement after 12 months			**2,899**	3,061

The average lease term is 10 years (2021: 6 years). As at 31 March 2022, the average effective borrowing rate was approximately 1.96% (2021: approximately 2.48%).

31 BORROWINGS

	2022 S$'000	2021 S$'000
Bank borrowing – term loans *(note (i))*	**9,733**	9,503
Hire purchase liabilities *(note (ii))*	**600**	1,401
Bonds *(note (iii))*	**33,130**	6,848
Other borrowings *(note (iv))*	**2,058**	1,987
Total borrowings	**45,521**	19,739
Of which:		
– Current liabilities	**21,673**	10,875
– Non-current liabilities	**23,848**	8,864
	45,521	19,739

(i) Bank borrowing – term loans

As at 31 March, the Group's term loans were repayable as follows:

	2022 S$'000	2021 S$'000
Bank borrowings		
Non-current, secured		
– Repayable later than 1 year and no later than 2 years	**1,934**	4,600
– Repayable later than 2 years and no later than 5 years	**3,986**	1,004
– Repayable later than 5 years	**1,852**	2,355
Current, secured	**7,772**	7,959
– Repayable no later than 1 year	**1,961**	1,544
	9,733	9,503

The carrying amounts of the Group's term loans approximate their fair values and are denominated in Singapore dollars.

As at 31 March 2022 and 31 March 2021, the term loans were secured by leasehold properties and corporate guarantee from the Company.

For the year ended 31 March 2022, interest was charged at fixed rates of 1.68% and 4.50% (2021: 1.68% and 2.25%) per annum.

31 BORROWINGS (Continued)

(ii) Hire purchase liabilities

As at 31 March, the Group's hire purchase liabilities were repayable as follows:

	2022 S$'000	2021 S$'000
– No later than 1 year	600	496
– Repayable later than 1 year and no later than 2 years	–	905
	600	1,401

For the year ended 31 March 2022, the effective interest rates on the hire purchase liabilities bore interest rates at 3.04% per annum (2021: 2.82% and 3.04%).

(iii) Bonds

As at 31 March, the issued bonds of the Group were repayable as follows:

	2022 S$'000	2021 S$'000
Non-current, secured		
– Repayable later than 1 year and no later than 2 years	6,481	–
– Repayable later than 2 years and no later than 5 years	9,595	–
	16,076	–
Current, secured		
– Repayable no later than 1 year	17,054	6,848
	33,130	6,848

The carrying amounts of the Group's bonds approximate their fair values and are denominated in the followings currencies:

	2022 S$'000	2021 S$'000
– HKD	7,547	6,848
– USD	1,677	–
– RMB	23,906	–
	33,130	6,848

For the year ended 31 March 2022, the bonds bore a fixed interest rate between 4% to 9% per annum (2021: 6%).

31 BORROWINGS (Continued)

(iv) Other borrowings

As at 31 March, the other borrowings of the Group were repayable as follows:

	2022 S$'000	2021 S$'000
– No later than 1 year	**2,058**	1,987

The carrying amounts of the Group's other borrowings approximate their fair values and are denominated in Renminbi.

Other borrowings were unsecured and bore a fixed interest rate of 10% per annum during the year ended 31 March 2022 (2021: 10%).

32 DEFERRED INCOME TAX LIABILITIES

	2022 S$'000	2021 S$'000
Deferred income tax liabilities:		
– To be settled after one year	**498**	813

The movements in deferred income tax liabilities in respect of accelerated tax depreciation during the year are as follows:

	2022 S$'000	2021 S$'000
At 1 April	**813**	1,077
Credited to the consolidated statement of profit or loss	**(315)**	(264)
At 31 March	**498**	813

33 SHARE CAPITAL

	2022 HK$'000	2021 HK$'000
Authorised share capital of the Company:		
10,000,000,000 shares at HK$0.01 each	**100,000**	100,000
Issued and fully paid share capital of the Company:		
920,000,000 shares at HK$0.01 each	**9,200**	9,200
In SGD	**1,589**	1,589

For the year ended 31 March 2022

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

	Term loans	Hire purchase liabilities	Lease liabilities	Bonds	Other borrowings
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
As at 1 April 2020	393	867	268	–	–
Addition	11,634	1,635	3,371	6,848	4,307
Principal payment	(890)	(1,101)	(335)	–	(4,864)
Interest paid	(83)	(30)	(48)	–	(29)
Interest expenses	189	30	48	75	29
Financing for addition in property, plant and equipment	(1,633)	–	–	–	–
Acquisition of subsidiary	–	–	–	–	2,544
Non-cash movement	(107)	–	–	(75)	–
As at 31 March 2021 and 1 April 2021	9,503	1,401	3,304	6,848	1,987
Addition	**2,000**	**–**	**719**	**26,995**	**–**
Principal payment	**(1,776)**	**(801)**	**(550)**	**(713)**	**(6)**
Interest paid	**(166)**	**(34)**	**(74)**	**(415)**	**–**
Interest expenses	**181**	**34**	**74**	**1,071**	**203**
Non-cash movement	**(9)**	**–**	**–**	**(656)**	**(126)**
As at 31 March 2022	**9,733**	**600**	**3,473**	**33,130**	**2,058**

(b) Proceeds from disposal of property, plant and equipment

	2022	2021
	S$'000	*S$'000*
Net book value of property, plant and equipment disposed	**1,277**	70
(Losses)/gains on disposal of property, plant and equipment	**(105)**	5
Proceeds from disposal of property, plant and equipment	**1,172**	75

35 RELATED PARTY TRANSACTIONS

(a) Transactions with related party

The directors of the Company are of the view that the following company was related party with transactions or balances with the Group during the years ended 31 March 2022 and 2021:

Name of related party	Relationship with the Group
A+ Officers Security Pte Ltd	Common Director and Shareholder

	2022 S$'000	2021 S$'000
Technical service fee charged by a related party:		
– A+ Officers Security Pte Ltd	3,160	1,992

As none of Mr. Michael Shi Guan Wah or his immediate family members held 30% or more interests in A+ Officers Security Pte Ltd, the related party transactions above did not constitute continuing connected transactions under Chapter 14A of the Listing Rules.

(b) Key management compensation

The executive directors of the Company are regarded as key management. Details of the key management compensation are disclosed in note 13(a) to the consolidated financial statements.

For the year ended 31 March 2022

36 BUSINESS COMBINATION

In October 2020, the Group completed the acquisition of a 100% equity interest in Trendzon (Hong Kong) International Holding Co Ltd. The purpose was to expand the Group's operation in Hong Kong.

Consideration transferred:	*S$'000*
Cash	2

Recognised amounts of provisional fair value of assets acquired and liabilities assumed:

	S$'000
Other receivables	2,860
Bank balances and cash	75
Borrowings	(2,543)
Other payables	(390)
Total identifiable net assets	2

	S$'000
Consideration paid	(2)
Add: bank balances and cash acquired	75
Net cash inflow arising from the acquisition	73

The acquired business contributed revenue of approximately S$6,203,000 and net profit of approximately S$150,000 to the Group for the period from the date of acquisition to 31 March 2021.

Had the acquisition taken place on 1 April 2020, consolidated pro-forma revenue and profit for the year ended 31 March 2021 would have been approximately S$43,450,000 and S$3,578,000, respectively.

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2022 S$'000	2021 S$'000
Non-current assets		
Prepayment for purchase of subsidiaries	87	–
Investments in subsidiaries	18,974	18,906
	19,061	18,906
Current assets		
Prepayments and deposits	104	30
Amount due from subsidiaries	28,362	21,074
Cash and cash equivalents	18	24
	28,484	21,128
Current liabilities		
Other payables and accruals	770	205
Borrowings	8,525	6,848
	9,295	7,053
Net current assets	19,189	14,075
Total assets less current liabilities	38,250	32,981
Non-current liabilities		
Borrowings	6,481	–
	6,481	–
Net assets	31,769	32,981
Capital and reserves		
Share capital	1,589	1,589
Share premium	17,138	17,138
Capital reserve	18,893	18,893
Accumulated losses	(5,851)	(4,639)
Total equity	31,769	32,981

The statement of financial position of the Company was approved by the Board of Directors on 26 July 2022 and was signed on its behalf.

Director *Director*

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Share capital and reserve movement of the Company

	Share capital S$'000	Share premium S$'000	Capital reserve S$'000	Accumulated losses S$'000	Total S$'000
As at 1 April 2020	1,589	17,138	18,893	(3,934)	33,686
Loss and total comprehensive loss for the year	–	–	–	(705)	(705)
As at 31 March 2021 and 1 April 2021	1,589	17,138	18,893	(4,639)	32,981
Loss and total comprehensive loss for the year	–	–	–	(1,212)	(1,212)
As at 31 March 2022	1,589	17,138	18,893	(5,851)	31,769

38 EVENTS AFTER THE REPORTING PERIOD

(a) On 4 May 2022, the Company has granted a total of 92,000,000 share options (the "**Share Options**") to eleven employees of the Group (the "**Grantees**") under the share option scheme adopted by the Company on 26 February 2019 to subscribe for a total of 92,000,000 ordinary shares of the Company, representing 10% of the issued share capital of the Company, at the exercise price of HK$0.346 per share. The Share Options are valid for a period of 3 years from the date of grant. None of the Grantees of the Share Options is a director, chief executive, or substantial shareholder of the Company. Details are set out in the Company's announcement dated 4 May 2022.

(b) On 16 May 2022, the Company entered into two subscription agreements with two subscribers, Zhongbei Capital Co., Limited and Shanghai Heri Investment Company Limited (the "**Subscription Agreements**"). Pursuant to the Subscription Agreements, the Company has agreed to allot and issue, and the two subscribers have conditionally agreed to subscribe 184,000,000 subscription shares at HK$0.475 per share (the "**Subscription Shares**"). All the conditions of the Subscription Agreements have been fulfilled and the Subscription Shares were allotted and issued to two independent subscribers on 20 June 2022. Details of above are set out in the Company's announcements dated 16 May 2022, 23 May 2022, 24 May 2022, 6 June 2022, 13 June 2022 and 20 June 2022.

(c) On 19 April 2022, Trendzon Investment Group Limited ("**Trendzon Investment**"), a wholly-owned subsidiary of the Company, entered into a joint venture cooperation agreement with Zhongbei Yian Capital Co., Ltd.（中北頤安資本有限公司）("**Zhongbei Yian**"), with the intention to establish a joint venture company in the Hong Kong, which is tentatively named as Trendzon Yian Capital Co., Ltd.（卓航頤安資本有限公司）(the "**JV Company**"). The JV Company will be owned as to 51% by the Group and 49% by Zhongbei Yian through their respective contributions to the registered capital. The formation of the JV Company has been completed on 11 May 2022. Details are set out in the Company's announcements dated 19 April 2022 and 14 July 2022.