



今海國際集團控股有限公司

Jinhai International Group Holdings Limited

(Incorporated in the Cayman Islands with members' limited liability)

Stock Code: 2225

**ANNUAL
REPORT
2021**



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Guobao (*Chairman*)
Mr. Wang Zhenfei (*Chief Executive Officer*)

Non-executive Directors

Mr. Yang Fu Kang (*Deputy Chairman*)
Mr. Li Yunping
Mr. Wang Huasheng
Mr. Jiang Jiangyu (resigned on 6 August 2021)

Independent Non-executive Directors

Mr. Yan Jianjun
Mr. Fan Yimin
Ms. Yang Meihua (appointed on 31 January 2022)
Mr. Chai Chi Man (resigned on 31 January 2022)

Audit Committee

Mr. Yan Jianjun (*Chairman*)
Mr. Yang Fu Kang
Mr. Wang Huasheng
Mr. Fan Yimin
Ms. Yang Meihua (appointed on 31 January 2022)
Mr. Chai Chi Man (resigned on 31 January 2022)

Nomination Committee

Mr. Chen Guobao (*Chairman*)
Mr. Li Yunping
Mr. Yan Jianjun
Mr. Fan Yimin
Ms. Yang Meihua (appointed on 31 January 2022)
Mr. Chai Chi Man (resigned on 31 January 2022)

Remuneration Committee

Mr. Yan Jianjun (*Chairman*)
Mr. Wang Zhenfei
Mr. Fan Yimin
Ms. Yang Meihua (appointed on 31 January 2022)
Mr. Jiang Jiangyu (resigned on 6 August 2021)
Mr. Chai Chi Man (resigned on 31 January 2022)

COMPANY SECRETARY

Mr. Wong Man Yiu

AUTHORISED REPRESENTATIVES

Mr. Wang Zhenfei
Mr. Wong Man Yiu

INDEPENDENT AUDITOR

Foo Kon Tan LLP
(a principal member of HLB International)
*Public Accountants and
Chartered Accountants, Singapore*
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

(Partner-in-charge: Mr. Toh Kim Teck)

LEGAL ADVISER

As to Hong Kong law
Wan & Tang
Solicitors of Hong Kong
2408, World-Wide House,
19 Des Voeux Road Central
Central, Hong Kong

REGISTERED OFFICE

Vistra (Cayman) Limited
P. O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road, Grand Cayman
KY1-1205 Cayman Islands

Corporate Information

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

31 Sungei Kadut Avenue
Singapore 729660

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2503, Cosco Tower
183 Queen's Road Central
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point, Hong Kong

PRINCIPAL BANKERS

Shanghai Pudong Development Bank Co. Ltd. – Hong Kong Branch

30/F, SPD Bank Tower
1 Hennessy Road
Hong Kong

DBS Bank Ltd

12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

OCBC Bank Ltd

65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank Limited

No. 1 Tampines Central 1
#01-01 UOB Tampines Centre
Singapore 529539

LISTING INFORMATION

Place: Main Board of The Stock Exchange of
Hong Kong Limited
Stock code: 2225
Board lot: 5,000 shares

COMPANY WEBSITE

<https://www.jin-hai.com.hk/>

Chairman's Statement

On behalf of the Board of Directors (the "**Board**"), I am pleased to present the annual report of Jinhai International Group Holdings Limited (the "**Company**") and its subsidiary corporations (collectively, the "**Group**") for the financial year ended 31 December 2021 (the "**Year**" or "**FY2021**").

YEAR IN REVIEW

FY2021 has been an extraordinarily challenging year for the Group's main operations in Singapore with the COVID-19 pandemic dominating the year. The construction sector was particularly hard hit, given the suspension of all construction activities in Singapore during the COVID-19 Circuit Breaker period ("**CB**"), adversely affecting some construction projects. The Group has since gradually resumed its manpower outsourcing services following the clearance of dormitories; however, the pace of resumption remains slow and disciplined due to the stringent safety and health requirements on manpower by the Singapore government.

Against this backdrop, the Group recorded a decrease of approximately 4.7% in revenue over the previous year, while gross profit decreased by 12.4% to approximately S\$7.8 million in FY2021.

LOOKING AHEAD

In January 2022, the Ministry of Trade and Industry of Singapore estimated that construction sector grew by 2% on a year-on-year basis in the fourth quarter, slower than 66.3% growth in the preceding quarter, as the sector recovers from the impact of the pandemic. Although this may potentially translate into better business opportunities for the Group, the Board remains cautious and expects the construction sector in Singapore to face continuing headwinds in 2022.

As announced on 2 March 2021, the Board has been actively exploring business opportunities to diversify the existing business and broaden the revenue base of the Group in order to achieve better return for the shareholders of the Company. Considering the expected growing demand for quality medical services, which has been particularly emphasised during the pandemic, the Board considers that the formation of a joint venture company, namely Shanghai Jinhai Medical Technology Company Limited represents an opportunity to allow the Group to tap into the medical solutions industry so as to further expand its customer base and source of revenue. The Board believes that by investing in the new business, not only will potentially enormous commercial value be generated but also more medical solutions markets in other countries and connections can be reached and built in the long run.

The Board will keep shareholders informed of material developments as and when they arise.

A NOTE OF APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to our shareholders, customers, business associates, management and staff for the continuing and unwavering support through the years.

Chen Guobao

Chairman and Executive Director

Hong Kong, 30 March 2022

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is a Singapore-based service provider and mainly provides manpower outsourcing and ancillary services to building and construction contractors in the Republic of Singapore (“**Singapore**”). To a lesser extent, the Group also provides dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore. The Group commenced the business of providing manpower outsourcing services in Singapore in 2006.

For the Year under review, the Group recorded revenue of approximately S\$21.4 million, a drop of approximately 4.7% over the previous year, due to the COVID-19 measures that were implemented by the Singapore government in the suspension of non-essential services and closure of most worksites. Following the easing of the restrictions, the pace of work resumption has been slow amid manpower disruption from the workers’ movement control, additional safe management measures at the worksites and other regulations. These have collectively impacted our manpower supply business and weighed down the segment’s performance.

Based on advanced estimates from the Ministry of Trade and Industry Singapore released on 3 January 2022, the Singapore economy grew by 7.2% in 2021 rebounding from 5.4% contraction in 2020. The construction sector grew by 2% on a year-on-year basis in the fourth quarter, slower than 66.3% growth in the preceding quarter. In absolute terms, the value-added of the sector remained 26% below its pre-COVID (i.e., fourth quarter of 2019) level, as activity at construction worksites continued to be weighted down by labour shortages due to border restrictions on the entry of migrant workers. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 4.4% in the fourth quarter, a reversal from the 4.9% growth in the previous quarter.

However, the Group expects the construction industry to remain challenging on the back of a competitive environment and labour shortage. The pace of resumption of the construction activity has been slow and is expected to continue to be limited by manpower deployment challenges and higher cost and time resources needed to comply with safe management measures. The Group is taking proactive steps to conserve cash by implementing stricter cost management measures, where sensible, and continues to closely monitor and manage the COVID-19 situation and will make further announcements as and when appropriate.

As disclosed in the announcement of the Company dated 2 March 2021 and supplemental announcement of the Company dated 16 April 2021, Jinhai Technology Development (Ningbo) Co., Ltd., (今海科技發展(寧波)有限公司) (“**Jinhai Technology**”), a wholly-owned subsidiary of the Company, entered into the articles of association (the “**JV Articles**”) with Mr. Liu Lei (劉鐳先生) and Ms. Yu Haibo (俞海波女士), pursuant to which the parties agreed to establish Shanghai Jinhai Medical Technology Company Limited (上海今海醫療科技有限公司) (“**Jinhai Medical**”), with registered capital of RMB30,000,000. Considering the expected growing demand for quality medical services, which has been particularly emphasized during the pandemic, the Board considers that the formation of Jinhai Medical represents an opportunity to allow the Group to tap into the medical solutions industry so as to further expand its customer base and source of revenue. The Board believes that by investing in the new business, not only will potentially enormous commercial value be generated but also more medical solutions markets in other countries and connections can be reached and built in the long run.

In addition to diversification of businesses of the Group, the Board considers to expand its existing business into the Asia Pacific Region, including China. The Board also considers to provide value-added services, such as skills training and quality improvement to the labour forces on top of the manpower outsourcing services.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from approximately S\$22.5 million for FY2020 to approximately S\$21.4 million for FY2021. The following table sets forth a breakdown of the revenue for FY2021 and FY2020 as indicated:

	FY2021	FY2020	(Decreased)/ Increased by
	S\$	S\$	S\$
Manpower outsourcing and ancillary services	13,827,548	15,210,414	(1,382,866)
Dormitory services	4,789,450	5,891,605	(1,102,155)
Construction ancillary services	674,137	1,007,273	(333,136)
IT services	567,035	362,265	204,770
Minimally invasive surgery solution products	1,558,283	–	1,558,283
	21,416,453	22,471,557	(1,055,104)

Revenue from manpower outsourcing and ancillary services decreased from approximately S\$15.2 million in FY2020 to approximately S\$13.8 million in FY2021, representing a decrease of approximately 9.1%. This was mainly attributable to the decrease in construction activities during FY2021, where the construction activities were suspended and slow resumption of activities following the ease of restrictions, hence reduced revenue recognised since then.

Revenue from dormitory services decreased from approximately S\$5.9 million in FY2020 to approximately S\$4.8 million in FY2021 mainly due to the previous lockdown of the city, changes to regulations affecting workers dormitory capacity to combat Covid infection and the market condition. The identification of the additional foreign worker dormitory has been delayed. The Board took a cautious approach by scouting for a property that is worth its value and would also withstand any possible downturn in the property market to ensure shareholders' value are adequately protected. The Group hopes it will locate a reasonably priced property over the next 12 months that will suit its business needs, subject to the market conditions.

Revenue from construction ancillary services in FY2021 decreased by approximately S\$0.3 million as compared to that in FY2020. This was mainly due to a decrease in sales from warehousing services due to less industrial space rented out.

Management Discussion and Analysis

The increase in revenue from IT services from approximately S\$0.36 million in FY2020 to approximately S\$0.57 million in FY2021 was mainly due to an increase in the number of maintenance and support days required by our sole IT customer.

Revenue from minimally invasive surgery solution products of approximately S\$1.6 million in FY2021 was contributed by the Group's subsidiaries in China. The revenue was the result of business diversification into China market during the COVID-19 period in order to balance revenue dependency in mainly Singapore market.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately S\$8.9 million in FY2020 to approximately S\$7.8 million in FY2021. This was mainly due to the decrease in construction activities as discussed above. The gross profit margin decreased from approximately 39.4% in FY2020 to approximately 36.2% in FY2021, due primarily to termination of rental waiver grant by government.

Other income

Other income decreased from approximately S\$3.2 million in FY2020 to approximately S\$1.9 million in FY2021 mainly due to the decrease in government grants received, namely, Jobs Support Scheme which provides wage support to help employers retain local employees.

Administrative expenses

Administrative expenses decreased by approximately S\$1.9 million mainly due to workforce reduction and implementation of other cost saving strategies as a result of the economic and operational impacts of the COVID-19.

Other gains and losses

Other losses of approximately S\$0.4 million in FY2021 as compared to other gains of approximately S\$0.4 million in FY2020 was mainly due to (i) loss on fair value movement of equity instruments designated at fair value through profit or loss approximately S\$1.0 million; (ii) gain on disposal of property, plant and equipment due to reduction in workforce approximately S\$0.3 million; (iii) gain on disposal of equity investments approximately S\$0.2 million; and (iv) gain on foreign exchange approximately S\$0.2 million.

Finance costs

Finance costs decreased by approximately S\$0.18 million due to reduction in lease liabilities.

Management Discussion and Analysis

Income tax expense

The Group recorded an income tax expense of approximately S\$0.44 million in FY2021 as compared to approximately S\$0.16 million in FY2020.

(Loss)/profit for the year

The Group recorded a loss of approximately S\$0.46 million in FY2021 (FY2020: profit of S\$1.26 million) largely attributed to the disruption in business activities during the COVID-19 period. The Group has implemented a stricter cost management measures and started a new business line in China in order to diversify the business risk.

(Loss)/earnings per share

The basic loss per share was 0.02 Singapore cent (FY2020: earnings per share of 0.10 Singapore cent) and the calculation is based on the loss attributable to owners of the Company of approximately S\$0.46 million (FY2020: profit of S\$1.26 million) and the weighted average number of 1,230,000,000 ordinary Shares in issue during the Year.

Diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share because the Group had no dilutive potential Shares during FY2021 and FY2020.

DIVIDEND

The Board did not recommend distribution of any dividend to the shareholders of the Company (the "**Shareholders**") for FY2021 (FY2020: nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

Liquidity

The Group generally meets its working capital requirements from its internally generated funds and maintained a healthy financial position. Upon the Listing, the source of funds of the Group had been a combination of internally generated funds and net proceeds from the Listing.

Treasury policy

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

Management Discussion and Analysis

Use of proceeds from Listing

The net proceeds from the Listing were approximately HK\$82.6 million (equivalent to approximately \$14.1 million) (after deducting underwriting fees and Listing expenses). The table below sets out the proposed applications of the net proceeds from the Listing Date to December 2021:

Intended use of Net Proceeds	Original allocation HK\$'million	Revised allocation as at 16 October 2020 HK\$'million	Revised allocation as at 2 March 2021 HK\$'million	Utilised amount of Net Proceeds as at 31 December 2021 HK\$'million	Unutilised amount of Net Proceeds as at 31 December 2021 HK\$'million	Unutilised amount of Net Proceeds as at the date of Annual Report HK\$'million	Expected timeline for fully utilising the Unutilised Net Proceeds
For partly financing the acquisition of an additional foreign worker dormitory at an estimated consideration of HK\$162.0 million	77.1	61.3	46.6	–	46.6	46.6	By the end of June 2024 (Note 4)
For financing the acquisition of 10 additional lorries	5.5	3.7	3.7	1.8	3.7	3.7	By the end of June 2022 (Note 5)
For financing the investment in securities	–	10.0 (Note 1)	10.0	10.0	–	–	N/A
For repayment the loan	–	5.8 (Note 2)	–	N/A	N/A	N/A	N/A
For injection of registered capital in Jinhai Medical	–	–	20.5 (Note 3)	12.0	8.5	8.5	By the end of October 2023 (Note 6)
Total	82.6	80.8	80.8	23.8	58.8	58.8	

Note 1:

Given the previous lockdown of Singapore due to the novel Coronavirus, the identification of the additional foreign worker dormitory has been delayed. In order to generate a better short term return and enhance the yield of the idle cash of the Company, the Company re-allocated approximately HK\$10.0 million to acquire on the open market certain listed securities. For details, please refer to the announcement of the Company dated 16 October 2020 (the “**October 2020 Announcement**”).

Note 2:

Pursuant to the October 2020 Announcement, Mr. Chen Guobao, a controlling shareholder and chairman of the Company advanced the Loan to the Company for acquisition (the “**Acquisition**”) of Shanghai Yunzichu Information Technology Company Limited* (上海雲之初資訊科技有限公司). Pursuant to the announcement of the Company date 12 November 2020, the Acquisition was terminated because certain preconditions of the Acquisition could not be fulfilled, hence, the use of the Net Proceeds for repaying the Loan was delayed.

Management Discussion and Analysis

Note 3:

Despite actively exploring suitable dormitory for acquisition, the previous lockdown and market condition of Singapore due to Covid-19, the identification of the additional foreign worker dormitory has been delayed. In order to generate a better return and enhance the long term growth of the Company, the Company re-allocated the unutilised Net Proceeds from (i) the acquisition of additional foreign worker dormitory and (ii) repaying the Loan in the amount of approximately HK\$14.7 million and HK\$5.8 million, respectively, towards the formation of the joint venture company. For details, please refer to the announcement of the Company dated 2 March 2021 and 16 April 2021 (the “**Announcements**”).

Note 4:

As stated in the Announcements, the Company has been ongoingly and actively searching for suitable foreign worker dormitories. However, the Singapore property market has been volatile and maintained at a relatively high level as compared to 2018. Hence, the Company has maintained a cautious approach and attempted to look for properties that are worth its value and would withstand possible downturn in the property market. In the event that it successfully acquires the additional foreign worker dormitory, the Company will comply with requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and make further announcement(s) as and when appropriate.

Note 5:

As the business performance of the Group’s segment under provision of manpower outsourcing and ancillary services has been declining since 2019, the immediate need for additional lorries has decreased. Hence, the Group postponed the expected time of utilisation of the remaining net proceeds for such use by the end of June 2022. The Company considers if it is necessary for further postponement of such investment.

Note 6:

As stated in the Announcements, the business of Jinhai Medical is at preparatory stage. The Company expects that the capital expenditure as stated in the Announcements shall be incurred gradually within 30 months from April 2021 depending on the status of obtaining the required business certificates and the business conditions of Jinhai Medical, During FY2021, the Company invested RMB10.0 million into Jinhai Medical as part of its share capital.

Borrowings and gearing ratio

As at 31 December 2021, the Group had an aggregate of current and non-current lease liabilities of approximately S\$1.9 million as compared to lease liabilities of approximately S\$5.5 million as at 31 December 2020. The decrease was due to repayment of lease liabilities and termination of a leased property in FY2021.

The Group’s gearing ratio as at 31 December 2021 was approximately 7.4% (as at 31 December 2020: approximately 21.6%). Gearing ratio is calculated by dividing total borrowings (comprising lease liabilities and finance lease obligations) by total equity as at the end of the respective year and multiplied by 100%.

As at 31 December 2021, the Group had unutilised banking facilities of S\$527,639 available for cash drawdown (as at 31 December 2020: S\$527,639).

Management Discussion and Analysis

Cash and cash equivalents

As at 31 December 2021, the Group had cash and cash equivalents of approximately S\$14.6 million, of which approximately 36.9% was denominated in S\$, approximately 33.1% denominated in RMB and approximately 30.0% was denominated in HK\$ which were placed in major licensed banks in Singapore, China and Hong Kong, respectively. Cash and cash equivalents denominated in United States dollar (“US\$”) were immaterial.

Foreign exchange exposure

The Group transacts mainly in S\$, which is the functional currency of majority of the entities in the Group. However, the Group retains a large portion of the proceeds from the Listing in HK\$ and RMB which contributed to an unrealised foreign exchange gain of approximately S\$0.18 million as HK\$ strengthen against S\$ in FY2021.

Charges on the Group’s assets and contingent liabilities

As at 31 December 2021, certain lease liabilities were secured by the charge over leased assets with an aggregate net book value of approximately S\$0.22 million (as at 31 December 2020: S\$0.36 million).

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

Capital expenditures and capital commitments

The Group’s capital expenditures principally consisted of expenditures on motor vehicles, computer and equipment, furniture and fittings. The Group recorded capital expenditures for the purchases of property, plant and equipment and additions to right-of-use assets in the amounts of approximately S\$0.84 million and S\$0.74 million for FY2021 and FY2020, respectively.

The Group’s capital commitments amounted to S\$0.5 million as at 31 December 2021 (as at 31 December 2020: Nil).

Significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures

Save as disclosed in this annual report, there were no significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures for FY2021 and FY2020.

The Group held investments in quoted equity shares at fair value of approximately S\$8.7 million and S\$7.1 million, respectively as at 31 December 2021 and 2020.

The economic outlook and financial market in Singapore remain uncertain due to the global outbreak of the novel Coronavirus pandemic since early 2020. In view of these uncertainties and the existing market conditions, the Group decided to adopt a more effective approach to manage its internally generated funds to acquire on the open market certain listed securities. The investments in quoted equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

Management Discussion and Analysis

Off-balance sheet transactions

As at 31 December 2021, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2021, the Group had approximately 370 employees (as at 31 December 2020: 551), including foreign workers.

The Group determines employee salaries based on employee's qualifications, position and seniority. In order to attract and retain valuable employees, the Group reviews the performance of our employees, which will be taken into account in annual salary review and promotion appraisal. The Group has also adopted a sales incentive scheme, pursuant to which our sales managers are entitled to sales commission based on the number of hours of deployment in respect of any manpower outsourcing contracts obtained by them from customers.

The Group incurred workers and staff costs (including the Directors' and chief executive's remuneration, and other staff's salaries, wages and other benefits) of approximately S\$12.8 million and S\$13.4 million for FY2021 and FY2020 respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest rate risk

The Group is exposed to cash flow interest rate risk on the variable rates of interest earned on the bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate finance lease obligations.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Foreign currency risk

The Group has certain bank balances, financial assets measured at fair value through profit or loss, trade receivables and payables denominated in US\$ and HK\$ other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

Management Discussion and Analysis

Credit risk

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out a research on the credit risk of the customer, assesses the customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group recognises a loss allowance for expected credit losses ("**ECL**") on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Fair value risk

The Group is exposed to fair value risk arising from financial assets and financial liabilities that are measured at fair value on a recurring and non-recurring basis.

Equity price risk

The Group is exposed to equity risks arising from equity instruments designated at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chen Guobao (陳國寶先生)

Mr. Chen Guobao (“**Mr. Chen**”), aged 47, was appointed as the chairman of the Board, an executive Director, and the chairman of the nomination committee of the Company with effect from 19 July 2019.

Mr. Chen has approximately 20 years of experience in the real estate and construction industry, particularly in operation and strategic management. Mr. Chen completed his undergraduate studies in economic management at the Army Officer Academy of People’s Liberal Army of China* (中國人民解放軍南京炮兵學院) in June 2012.

Mr. Chen is the chairman of the board of directors of Shanghai Jinhai Corporate Development Group Company Limited* (上海今海企業發展(集團)有限公司), a company founded by him in 2002 and principally engages in real estate development, such as construction of commercial plaza and residential buildings, and property management, including dormitories and commercial plaza. He has also acted as the chairman of the board of directors of Shanghai Guobao Property Company Limited* (上海國寶置業有限公司) since March 2006 and Shanghai Laiyada Property Development Company Limited* (上海來亞達置業有限公司) since March 2011 whose principal businesses also include real estate development and property management. His responsibilities include, amongst others, overseeing the progress of development and construction projects and liaising with construction contractors on various aspects, including manpower and resources allocation.

Mr. Chen is currently the executive deputy chairman (執行副會長) of Ningbo Chamber of Commerce in Shanghai (上海市寧波商會). From September 2015 to October 2017, he was the non-executive director of Vision Fame International Holding Limited (stock code: 1315), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Wang Zhenfei (王振飛先生)

Mr. Wang Zhenfei (“**Mr. Wang**”), aged 41, has been appointed as the chief executive officer of the Company, an executive Director, and a member of the remuneration committee of the Company with effect from 19 July 2019.

Mr. Wang completed his undergraduate studies in business management (online distance learning course) at the Southwest University of Science and Technology (西南科技大學) in January 2007.

Mr. Wang has approximately 8 years of experience in the banking industry and 4 years of experience in real estate development. He worked at the Shanghai Branch of Huaxia Bank (華夏銀行上海分行) from November 2007 to October 2015. Mr. Wang is the chief executive officer of Shanghai Jinhai Corporate Development Group Company Limited* (上海今海企業發展(集團)有限公司) since October 2015, a company founded by Mr. Chen in 2002 and principally engaged in the real estate development and property management.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Yang Fu Kang (楊福康先生)

Mr. Yang Fu Kang (“**Mr. Yang**”), aged 76, has been appointed as the deputy chairman of the Board, a non-executive Director and a member of the audit committee of the Company with effect from 19 July 2019.

Mr. Yang has over 30 years of experience in the manufacturing industry. He founded and has been the chairman of the board and a general manager of Shanghai Kang Long Da Industry Co., Ltd. (上海康隆達實業有限公司) since 1988 and has been responsible for the overall strategic, operations and financial management of the company. Mr. Yang is also the vice-chairman of the board and an executive director of Jiangsu Jonnyma New Materials Co., Ltd. (江蘇鏗尼瑪新材料股份有限公司) since September 2011.

Mr. Li Yunping (李雲平先生)

Mr. Li Yunping (“**Mr. Li**”), aged 68, has been appointed as a non-executive Director and a member of the nomination committee of the Company with effect from 19 July 2019.

Mr. Li had approximately 35 years of experience in the banking industry. Mr. Li held various positions in Ningbo Beilun Rural Commercial Bank Company Limited* (寧波北侖農村商業銀行股份有限公司) from May 1979 to January 2014. From May 1981 to September 1986, Mr. Li was a supervisor at Beilun Lianshe Jiangnan Credit Union* (北侖聯社江南信用社) and from September 1986 to February 2000, Mr. Li was a supervisor at Beilun Lianshe Xiaogang Credit Union* (北侖聯社小港信用社). His last position at Ningbo Beilun Rural Commercial Bank Company Limited* (寧波北侖農村商業銀行股份有限公司) was a senior economist from October 1995 until Mr. Li’s retirement in January 2014.

Mr. Wang Huasheng (王華生先生)

Mr. Wang Huasheng (“**Mr. Wang**”), aged 56, has been appointed as a non-executive Director and a member of the audit committee of the Company with effect from 19 July 2019.

Mr. Wang has approximately 15 years of experience in the real estate industry. He founded and has been acting as the chairman of the board of Shaanxi Yide Industrial Company Limited* (陝西益德實業有限公司) since 2004. His main responsibilities include formulating medium to long term strategies for the development of the company as well as managing the daily operations of the board, including convening board meetings of the company. Mr. Wang is also involved in overseeing the financial operations and human resources related matters of the company. Mr. Wang has also founded and has been the chairman of the board of Shaanxi Northwest Light Industry Wholesale Market Management Company Limited* (陝西西北轻工批發市場經營管理有限公司) since 2006. His main responsibilities include setting medium to long term strategies for the development of the company as well as managing the daily operations of the board, including key decision making of the company. Mr. Wang also involves in marketing activities of the company. In addition, he founded Shanghai Gexin Investment Development Company Limited* (上海歌信投資發展有限公司) in 2007 and Shanghai Gexin Real Estate Company Limited* (上海歌信置業有限公司) in 2009 and has been working as the chairman of the board of companies since 2007 and 2009 respectively. Mr. Wang’s main responsibilities at Shanghai Gexin Real Estate Company Limited* (上海歌信置業有限公司) include setting medium to long term strategies for the development of the company as well as managing the daily operations of the board, including making key decisions of the company. Mr. Wang also oversees the financial operations as well as human resources and appraisal related matters of the company.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yan Jianjun (嚴健軍先生)

Mr. Yan Jianjun (“**Mr. Yan**”), aged 56, has been appointed as an independent non-executive Director, the chairman of the audit committee and the remuneration committee of the Company and a member of the nomination committee of the Company with effect from 19 July 2019.

Mr. Yan graduated from Shanghai University of Engineering Science (上海工程技術大學) with a bachelor’s degree in electrical engineering specialized in automation control in November 1988. Mr. Yan completed CEIBS’ Executive MBA Programme (在職高層管理人員工商管理碩士課程) and was awarded a master’s degree in Business and Administration from China Europe International Business School (中歐國際工商學院) in April 2003.

Mr. Yan has over 24 years of experience in the information technology industry. From January 1995 to January 1999, Mr. Yan was the chairman of the board of Shanghai Zhida Technology Industrial Company Limited* (上海致達科技實業有限公司). Since January 1999, Mr. Yan has been the chairman of Shanghai Zhida Technology Group Company Limited* (上海致達科技集團有限公司).

Mr. Yan was the national representative of the 12th, 13th and 14th Shanghai Municipal People’s Congress (上海市第十二屆, 十三屆及十四屆人民代表大會). Mr. Yan was awarded the National Model Worker of 2005 (2005年度全國勞動模範) by the State Council of the People’s Republic of China (中華人民共和國國務院) in April 2005 and was named as one of the Ten Outstanding Young Persons of Shanghai (上海十大傑出青年) at the 9th Ten Outstanding Young Persons of Shanghai (第九屆上海十大傑出青年) awards ceremony in May 2002. Mr. Yan was awarded the China’s Outstanding Entrepreneur in Private Technology Companies of 2007 (2007年度中國優秀民營科技企業家) in 2007 and Technology Innovation Entrepreneur Award (科技創新企業家獎) in December 2010 by the All-China Federation of Industry and Commerce (中華全國工商業聯合會). Mr. Yan was appointed as an arbitrator at the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Centre) (上海國際經濟貿易仲裁委員會(上海國際仲裁中心)) for a term of 3 years from May 2018.

Mr. Yan was appointed as an independent Director of Shanghai Lonyer Fuels Company Limited (上海龍宇燃油股份有限公司) (stock code: 603003.SH) with effect from 29 June 2020. In addition, Mr. Yan was the Rotating President of The Zhejiang Chamber of Commerce, Shanghai for the year of 2020 (上海市浙江商會2020年度的輪值會長).

Biographical Details of Directors and Senior Management

Mr. Fan Yimin (范一民先生)

Mr. Fan Yimin (“**Mr. Fan**”), aged 39, has been appointed as an independent non-executive Director and a member of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 19 July 2019.

Mr. Fan obtained a bachelor’s degree in finance at Donghua University (東華大學) in July 2005. Mr. Fan has over 13 years of experience in the banking and finance industry. From July 2005 to May 2012, Mr. Fan worked at the Shanghai branch of Bank of China Limited (中國銀行股份有限公司上海市分行). He worked at Shanghai Stem Cell Technology Company Limited* (上海市幹細胞技術有限公司) from November 2012 to July 2015. From April 2016 to December 2017, he worked at the Shanghai Zhengming Modern Logistics Company Limited* (上海鄭明現代物流有限公司). Since January 2018, he worked as an assistant to the general manager in the corporate division of KEB Hana Bank (China) Company Limited, Shanghai Branch (亞銀行(中國)有限公司上海分行).

Ms. Yang Meihua (楊美華女士)

Ms. Yang (“**Ms. Yang**”) aged 62, has been appointed as an independent non-executive Director and a member of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 31 January 2022.

Ms. Yang has extensive experience in the field of accounting and finance. Ms. Yang is a member of the Chinese Institute of Certified Public Accountants. Ms. Yang received her undergraduate diploma (through correspondence) from Fudan University, the PRC. She worked at Arthur Andersen Hua Qiang Certified Public Accountants Shanghai Office from 1 October 1995 to 30 June 2002 and PricewaterhouseCoopers Zhong Tian Certified Public Accountants from 1 July 2002 to 25 March 2003. Ms. Yang has been working at Shanghai Nortex Certified Public Accountant Co. Ltd. (上海諾德會計師事務所有限公司) since 2004.

* For identification purpose only

Corporate Governance Report

The Company is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The directors of the Company (the "**Directors**") recognise the importance of incorporating elements of good corporate governance in the management structure, internal control and risk management procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with all applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Year and the period thereafter up to the date of this annual report (collectively, the "**Period**").

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix 10 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code and its code of conduct regarding directors' securities transaction during the Year.

BOARD OF DIRECTORS

Responsibilities

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

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

Corporate Governance Report

Composition

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

As at the date of this annual report, the Board comprises eight Directors:

Executive Directors

Mr. Chen Guobao (*Chairman*)

Mr. Wang Zhenfei (*Chief Executive Officer*)

Non-executive Directors

Mr. Yang Fu Kang (*Deputy Chairman*)

Mr. Li Yunping

Mr. Wang Huasheng

Mr. Jiang Jiangyu (resigned from the Board on 6 August 2021)

Independent Non-executive Directors

Mr. Yan Jianjun

Mr. Fan Yimin

Ms. Yang Meihua (appointed as Director on 31 January 2022)

Mr. Chai Chi Man (resigned from the Board on 31 January 2022)

The biographical details of each of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report.

There was no financial, business, family or other material relationship among the Directors during the Year and up to the date of this annual report.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Group.

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

The Company has received a confirmation of independence in writing from each of the INEDs pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, and not aware of any unfavorably reported incidents, the Company considers that all the INEDs are independent and have met the independent guidelines as set out in Rule 3.13 of the Listing Rules during the year ended 31 December 2021 and up to the date of this annual report.

Corporate Governance Report

The term of appointment of each INED and the NED are for a period of three and one years respectively (save for the term of appointment of Ms. Yang Meihua as INED which was one year) and are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

Proper insurance coverage in respect of legal actions against the Directors' liabilities has been arranged by the Company and accordingly, the Company has complied with code provision A.1.8 of the CG Code.

Directors' Induction and Continuing Professional Development

Each of the Directors has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure that he and she has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statute and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development programmes received by each of the Directors during the Year is summarized as follows:

Name of Directors	Type of trainings
Mr. Chen Guobao	B
Mr. Wang Zhenfei	B
Mr. Yang Fu Kang	B
Mr. Li Yunping	B
Mr. Wang Huasheng	B
Mr. Yan Jianjun	B
Mr. Fan Yimin	B
Ms. Yang Meihua #	A and B
Mr. Jiang Jiangyu +	A and B
Mr. Chai Chi Man *	A and B

appointed as Directors on 31 January 2022

+ resigned from the Board on 6 August 2021

* resigned from the Board on 31 January 2022

A: attending seminars/conference/forums

B: reading newspapers, journals, and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Corporate Governance Report

Meetings of the Board and the Shareholders and Directors' Attendance Records

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

During the Year, the Board held 4 regular meetings and, amongst other matters, considered and approved (i) the audited consolidated financial statements of the Group for the year ended 31 December 2020; (ii) resignation and appointment of an INED; (iii) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021; and (iv) financial budget of the Company for the year of 2022.

The attendance record of each Director at the meetings of the Company during the Year is set out below:

Name of Directors	Attendance/ Number of Board Meetings
Mr. Chen Guobao	4/4
Mr. Wang Zhenfei	4/4
Mr. Yang Fu Kang	4/4
Mr. Li Yunping	0/4
Mr. Wang Huasheng	3/4
Mr. Yan Jianjun	2/4
Mr. Fan Yimin	3/4
Ms. Yang Meihua #	0/0
Mr. Jiang Jiangyu +	1/1
Mr. Chai Chi Man *	3/4

appointed as Directors on 31 January 2022

+ resigned from the Board on 6 August 2021

* resigned from the Board on 31 January 2022

The Board held a meeting on 30 March 2022 and, amongst other matters, considered and approved the audited consolidated financial statements of the Company for the Year (the "**Consolidated Financial Statements**").

Corporate Governance Report

During the Year, the Company held the annual general meeting of the Shareholders on 24 June 2021.

The attendance record of each Director at the annual general meeting of the Company during the Year is set out below:

Name of Directors	Attendance/ Number of Annual General Meetings
Mr. Chen Guobao	1/1
Mr. Wang Zhenfei	1/1
Mr. Yang Fu Kang	1/1
Mr. Li Yunping	0/1
Mr. Wang Huasheng	0/1
Mr. Yan Jianjun	0/1
Mr. Fan Yimin	0/1
Ms. Yang Meihua #	0/0
Mr. Jiang Jiangyu +	1/1
Mr. Chai Chi Man *	1/1

appointed as Directors on 31 January 2022

+ resigned as Director on 6 August 2021

* resigned from the Board on 31 January 2022

Board Diversity Policy

The Board adopted a policy of the Board diversity and discussed all measurable objective set for implementing the same.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The chairman of the Board and the chief executive officer are currently two separate positions held by Mr. Chen Guobao and Mr. Wang Zhenfei respectively. The chairman of the Board is responsible for providing strategic advice and guidance on the business development of the Group, while the chief executive officer is responsible for the day-to-day operations of the Group.

Corporate Governance Report

BOARD COMMITTEES

The Board established three Board committees, namely the audit committee (the “**Audit Committee**”), the nomination committee (the “**Nomination Committee**”) and the remuneration committee (the “**Remuneration Committee**”) of the Company to oversee particular aspect of the Company’s affairs. The Board committees are provided with sufficient resources to discharge their duties.

Audit Committee

The Audit Committee was established on 26 September 2017 with written terms of reference in compliance with CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. Mr. Yan Jianjun was appointed as the chairman of the Audit Committee and Mr. Yang Fu Kang, Mr. Wang Huasheng, Mr. Fan Yimin and Ms. Yang Meihua are members of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving its remuneration and terms of engagement, and handling any questions regarding its resignation or dismissal;
- reviewing and monitoring the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with external auditor on the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing a policy on engaging external auditor to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- monitoring the integrity of the Company’s financial statements and accounts, and if prepared for publication, interim report and annual report and reviewing significant financial reporting judgments contained in them;
- reviewing the Company’s financial controls, risk management and internal control system;
- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have such effective systems;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management’s response to these findings;
- where an internal audit functions exists, ensuring co-ordination between the internal and external auditors and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;

Corporate Governance Report

- reviewing the Group’s financial and accounting policies and practices;
- reviewing the external auditor’s management letter, any material queries raised by the external auditor to the management about the accounting records, financial accounts or systems of control and the management’s response;
- ensuring that the Board will provide a timely response to the issues raised in the external auditor’s management letter;
- reviewing the arrangements that the employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and
- considering other topics as defined by the Board.

During the Year, two Audit Committee meetings were held and, amongst other matters, reviewed and approved the draft audited consolidated financial statement of the Group for the year ended 31 December 2020 and the unaudited consolidated financial of the Group for the six months ended 30 June 2021.

On 30 March 2022, the Audit Committee held a meeting which the chairman and its members attended and, amongst other matters, reviewed and approved the draft audited Consolidated Financial Statements for presentation to the Board for consideration and approval.

The attendance record of each Director at the audit committee meetings of the Company during the Year is set out below:

Name of Directors	Attendance/ Number of Audit Committee Meetings
Mr. Yan Jianjun	1/2
Mr. Yang Fu Kang	2/2
Mr. Wang Huasheng	2/2
Mr. Fan Yimin	1/2
Ms. Yang Meihua #	0/0
Mr. Chai Chi Man +	1/2

appointed as Directors on 31 January 2022

+ resigned from the Board on 31 January 2022

Corporate Governance Report

Nomination Committee

The Nomination Committee was established on 26 September 2017 with written terms of reference in compliance with CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. Mr. Chen Guobao was appointed as the chairman of the Nomination Committee and Mr. Li Yunping, Mr. Yan Jianjun, Mr. Fan Yimin and Ms. Yang Meihua are members of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- reviewing the Board diversity policy and the progress on achieving the objectives set for implementing the said policy;
- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of independent non-executive directors; and
- making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for the Directors, in particular, the Chairman and the chief executive.

During the Year, two Nomination Committee meetings were held and, amongst other matters, reviewed (i) the structure, size and composition of the Board, assessed the independence of the independent non-executive directors and recommended to the Board for consideration of the re-appointment of the retiring Directors at the forthcoming annual general meeting of the Company ("**AGM**") to be held in 2021; and the resignation and appointment of a Nomination Committee Member.

On 23 November 2021, the Nomination Committee held a meeting and, amongst other matters, assessed the independence of the independent non-executive directors and recommended to the Board for consideration of the re-appointment of the retiring Directors at the forthcoming AGM.

Corporate Governance Report

The attendance record of each Director at the nomination committee meetings of the Company during the Year is set out below:

Name of Directors	Attendance/ Number of Nomination Committee Meetings
Mr. Chen Guobao	2/2
Mr. Li Yunping	0/2
Mr. Yan Jianjun	0/2
Mr. Fan Yimin	1/2
Ms. Yang Meihua #	0/0
Mr. Chai Chi Man +	2/2

appointed as Directors on 31 January 2022

+ resigned from the Board on 31 January 2022

Remuneration Committee

The Remuneration Committee was established on 26 September 2017 with written terms of reference in compliance with CG Code. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The chairman of the Remuneration Committee is Mr. Yan Jianjun and the members comprise Mr. Wang Zhenfei, Mr. Fan Yimin and Ms. Yang Meihua.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- reviewing and approving the Management's remuneration proposals with reference to the Board's corporate goals and objectives;
- making recommendations to the Board on the remuneration packages of individual executive Directors and senior management (the "**Senior Management**") including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to the Board on the remuneration of the non-executive Directors;

Corporate Governance Report

- considering the salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- reviewing and approving the compensation payable to the executive Directors and the Senior Management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;
- reviewing and approving the compensation arrangements relating to the dismissal or removal of the Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate; and
- ensuring that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration.

During the Year, two Remuneration Committee meetings were held and the Remuneration Committee, amongst other matters, reviewed and recommended to the Board for consideration of (i) certain remuneration-related matters of the Directors and the Senior Management; and (ii) the resignation and appointment of a Remuneration Committee Member.

On 30 March 2022, the Remuneration Committee held a meeting and, amongst other matters, reviewed and recommended to the Board for consideration of certain remuneration-related matters of the Directors and the Senior Management. The chairman and the members of the Remuneration Committee attended the meeting.

The attendance record of each Director at the remuneration committee meetings of the Company during the Year is set out below:

Name of Directors	Attendance/ Number of Remuneration Committee Meetings
Mr. Yan Jianjun	1/2
Mr. Wang Zhenfei	2/2
Mr. Fan Yimin	2/2
Ms. Yang Meihua #	0/0
Mr. Jiang Jiangyu +	1/1
Mr. Chai Chi Man *	2/2

appointed as Directors on 31 January 2022

+ resigned from the Board on 6 August 2021

* resigned from the Board on 31 January 2022

Corporate Governance Report

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions, which include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and the Senior Management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance the CG Code and disclosure in this report.

During the Year, the Board reviewed the compliance with CG Code and the disclosure in the annual report of the Company and monitored the training and continuous professional development of the Directors and the Senior Management.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has adopted the nomination policy ("**Nomination Policy**") setting out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to the Board for appointment or Shareholders for election as a Director.

The Nomination Committee shall consider a number of factors in making nomination, including but not limited to the following:

- Skills, experience and professional expertise: The candidate should possess the skills, knowledge, experience and professional expertise which are relevant to the operations of the Group;
- Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the board diversity policy of the Company;
- Commitment: The candidate should be able to devote sufficient time to attend the board meetings and participate in induction, training and other board associated activities. In particular, if the proposed candidate will be nominated as an independent non-executive director and will be holding their seventh (or more) listed company directorship, the Nomination Committee should consider the reason given by the candidate for being able to devote sufficient time to the Board and committee meetings;
- Standing: The candidate must satisfy the Board and the Stock Exchange that they have the character, experience and integrity, and is able demonstrate a standard of competence commensurate with the relevant position as a Director; and

Corporate Governance Report

- Independence: The candidate to be nominated as an independent non-executive director must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent non-executive director.

If the Nomination Committee determines that an additional or replacement Director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate. The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board and the appointment or re-appointment of Directors and succession planning for Directors is subject to the approval of the Board. On making recommendation, the Nomination Committee may submit the candidate's personal profile and a proposal to the Board for consideration. In order for the proposal to be valid, it must clearly indicate the nominating intention and the candidate's consent to be nominated and the personal profile must be incorporated and/or accompanied by the full particulars of the candidate that are required under Rule 13.51(2) of the Listing Rules. If the candidate is proposed to be appointed as an independent non-executive director, his or her independence shall be assessed in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time.

Each proposed new appointment, election or re-election of a Director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination.

The Nomination Committee will monitor the implementation of the Nomination Policy. The Nomination Committee will from time to time review the Nomination Policy, as appropriate, to ensure the effectiveness of the policy.

Each of the executive Directors entered into a service agreement for his appointment with the Company on 19 July 2019 for an initial term of three years commencing from 19 July 2019. Each of the executive Directors is subject to retirement by rotation and re-election at the AGM in accordance with Articles of Association.

Each of the independent non-executive Directors entered into a service agreement for his appointment with the Company for a term of three years commencing from 19 July 2019, save for Ms. Yang Meihua who was appointed as INED for a term of one year commencing from 31 January 2022 and is subject to retirement by rotation and re-election at the AGM in accordance with Articles of Association.

Each of the non-executive Director entered into service agreement for his appointment with the Company for a term of one year from 19 July 2019 and is subject to retirement by rotation and re-election at the AGM in accordance with Articles of Association.

Corporate Governance Report

According to Article 108(a) of the Articles of Association, at each AGM, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. According to Article 108(b) of the Articles of Association, the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself/herself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the AGM shall retire by rotation at such AGM. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

According to Article 112 of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation.

According to Article 112 of the Article of the Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director, but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in a general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Any Director appointed under the Articles of Association shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an AGM.

REMUNERATION OF DIRECTOR AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the Year are set out in Note 10 to the Consolidated Financial Statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the Senior Management whose particulars are contained in the section headed "Biographical Details of Directors and Senior Management" in this annual report for the Year by band is set out below:

Remuneration band (in HK\$)	Number of individuals
Nil to 1,500,000	–
1,500,001 to 2,000,000	–
2,000,001 to 2,500,000	1
2,500,001 to 3,000,000	–
3,000,001 to 3,500,000	–
3,500,001 to 4,000,000	1

Corporate Governance Report

AUDITOR AND THEIR REMUNERATION

The auditor's reporting responsibilities for the audit of the Group's consolidated financial statements for the Year are set out in the section "Independent Auditor's Report" of this annual report. Foo Kon Tan LLP ("**FKT**") provided the audit services. The remuneration paid/payable to FKT in respect of the audit for the Year is S\$185,000.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the Consolidated Financial Statements that give a true and fair view of the financial position and the state of affairs of the Group for the Year in accordance with IFRS issued by IASB 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.

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has in place policies and procedures in relation to risk management and internal control. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the 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 but not absolute assurance against material misstatement or loss.

Recently, the Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions. The Board considers that the Group's risk management and internal controls systems are adequate and effective.

As part of the annual statutory audit, the Company's external auditor obtained an understanding of internal controls relevant to the audit and designed audit procedures over the relevant controls, as appropriate. Any deficiencies in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken on the recommendations made by the external auditor in this respect, if any.

Corporate Governance Report

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

Based on the internal and external auditors' recommendations, the actions taken by the Management, the on-going review and continuing efforts in enhancing internal controls and processes, the Board, with the concurrence of the Audit Committee, is of the opinion that the system of internal controls and risk management that had been maintained by the management throughout the Year was adequate and effectively met the needs of the Group in its current business environment, and addressed the financial, operational, compliance and information technology risks.

The Board expects that a review of the risk management and internal control systems will be performed annually.

DISCLOSURE OF INSIDE INFORMATION

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

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;
- the Group has strictly prohibited unauthorised use of confidential of inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors and the chief financial officer of the Company (the "**Chief Financial Officer**") are authorized to communicate with parties outside the Group.

COMPANY SECRETARY

The Company has appointed Mr. Wong Man Yiu ("**Mr. Wong**") as the Company Secretary with effect from 1 November 2019. Mr. Wong possesses the necessary qualification and experience, and is capable of performing the functions of the company secretary.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting (the "**EGM**"):

Corporate Governance Report

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company having the right of voting at general meetings of the Company (the “**Eligible Shareholder(s)**”) shall have the right, by written requisition to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned (the “**Requisitionist(s)**”) at the principal place of business of the Company in Hong Kong (presently Room 2503, Cosco Tower, 183 Queen’s Road Central, Sheung Wan, Hong Kong) for attention of the Board or the Company Secretary.

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

The Company will check the Requisition and the identity and shareholding of the Requisitionist(s) will be verified with the Company’s branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Board will proceed to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM within two months after the deposit of the Requisition. If within 21 days of the deposit of the Requisition the Board fails to proceed to convene such EGM, the Requisitionist(s) himself/herself/themselves may do so in the same manner.

For including a resolution to propose a person for election as a Director at general meetings, the Shareholders are requested to follow the Articles of Association. A notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Company’s principal place of business in Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company. The period for lodgement of the notices required under the Articles of Association will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days. The written notice must state that person’s biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as a Director are posted on the Company’s website.

Procedures for Shareholders to Send Enquires to the Board

Shareholders may direct their enquiries about their shareholdings or their notification of change of correspondence address or their dividend/distribution instructions to the Company’s branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

Shareholders and the investment community may at any time make a request for the Company’s information to the extent such information is publicly available. Shareholders may send their enquiries and concerns to the Board by post to the principal place of business of the Company in Hong Kong at Room 2503, Cosco Tower, 183 Queen’s Road Central, Sheung Wan, Hong Kong or by email to info@jin-hai.com.hk for the attention of the Company Secretary.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

The Shareholders communication policy aims to set out the provisions with the objective of ensuring that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community (including the Company's potential investors as well as analysts reporting and analysing the Company's performance) at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risks profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

Information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company websites. Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times.

CONSTITUTIONAL DOCUMENTS

There was no change in constitutional documents of the Company during the Year.

The amended and restated memorandum and articles of association of the Company are available on the respective websites of the Stock Exchange and the Company.

Report of the Directors

The Directors are pleased to present this Directors' report (the "**Directors' Report**") to the Shareholders together with the audited Consolidated Financial Statements.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of manpower outsourcing and ancillary services to building and construction contractors in Singapore. We also provide dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore and provide minimally invasive surgery solution products in the mainland China. An analysis of the Group's segment information for FY2021 by business is set out in Note 4 to the Consolidated Financial Statements.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing amounted to approximately HK\$82.6 million (the "**Net Proceeds**").

Details of the use of proceeds from the Listing are set out in the Management Discussion and Analysis on pages 9 to 10 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for FY2021 are set out in the consolidated statement of profit or loss and other comprehensive income of the Group on page 65 of this annual report.

The Board has resolved not to recommend the payment of any dividend for FY2021 (FY2020: nil).

BUSINESS REVIEW

A review of the Group's business during FY2021 and prospects of the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report, which constitute part of this Directors' Report.

SHARE CAPITAL

Details of the movements in the Company's share capital during FY2021 are set out in Note 22 to the Consolidated Financial Statements in this annual report.

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

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

Report of the Directors

FINANCIAL STATEMENTS

The results of the Group for FY2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 65 of this annual report. The financial position of the Group as at 31 December 2021 is set out in the consolidated statement of financial position of the Group on pages 66 to 67 of this annual report. The financial position of the Company as at 31 December 2021 is set out in Note 29 to the Consolidated Financial Statements of this annual report. The cash flows of the Group for the year ended 31 December 2021 are set out in the consolidated statement of cash flows on pages 69 to 70 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during FY2021 are set out in Note 13 to the Consolidated Financial Statements in this annual report.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during FY2021 are set out in Note 15 to the Consolidated Financial Statements in this annual report.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2021 represents the aggregate of share premium less accumulated losses. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to the Shareholders subject to the provisions of the Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. As at 31 December 2021, there is no reserves available for distribution to the Shareholders, the deficit is approximately S\$3.0 million which represents the aggregate of share premium of approximately S\$14.9 million net of accumulated deficit of approximately S\$17.9 million.

DONATIONS

During the Year, the Group has made donations for charitable or other purposes amounted to a total of S\$54,000 (FY2020: S\$56,000).

EQUITY LINKED AGREEMENTS

No equity linked agreements were entered into by the Company during FY2021 or subsisted at end of FY2021.

Report of the Directors

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to promoting sustainable development, which is extremely important to create long term value for the Group's Shareholders, clients, employees, other stakeholders, as well as general public. The Company cares about the impact of its daily operation on environment and society. While conducting its business operation, it makes effort to meet the interests of all stakeholders, economy, environment, society and corporate governance and does its best to achieve a fine balance.

As the biggest contributor to the Group's carbon footprint is the indirect greenhouse gas emission from electricity consumption and fresh water is a precious resource in Singapore, the Group has established environmental management system that comprises measures and work procedures that are required to be followed by our employees, including but not limited to, internal policies on water and energy conservation.

In FY2021, there was no conviction of non-compliance with environmental laws and regulations. We will continue to ensure implementation of our policy on environmental management as mentioned above to avoid violation of applicable laws or regulations in respect of the environment.

Details of environmental, social and governance practices adopted by the Group is set out in the environmental, social and governance report on pages 47 to 58 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with the rules and regulations.

The Group's operations are mainly carried out by the Company's subsidiaries in Singapore while the Company itself was incorporated in the Cayman Islands and its issued shares are listed on the Main Board of the Stock Exchange. Our establishment and operations accordingly shall comply with the relevant laws and regulations in Hong Kong, the Cayman Islands and Singapore.

During the Year, the Group has complied, to the best of our knowledge, with, in respect of employment of foreign workers, Employment Act 1968, Employment of Foreign Manpower Act 1990, Immigration Act 1959; in respect of employees' benefits, Children Development Co-Savings Act 2001 and Central Provident Fund Act 1953; in respect of workmen's compensation, Work Injury Compensation Act 2019; in respect of dormitory services, Building Control Act 1989, Control of Vectors and Pesticides Act 1998, Environmental Public Health Act 1987, the Fire Safety Act 1993, the Planning Act 1998 and Foreign Employee Dormitories Act 2015 (No. 3 of 2015); and in respect of environmental protection, Environmental Public Health Act 1987 and other relevant laws and regulation on environmental protection.

During the Year, the Board was unaware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

Report of the Directors

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

As at 31 December 2021, the Group had approximately 370 employees. The employees are remunerated according to their job scope and responsibilities, individual performance appraisals and the Group's performance. Other benefits available to eligible employees include provident fund, medical insurance scheme and long service awards.

The Group maintains a good relationship with its customers. We have a team of site coordinators in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality.

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers.

DIRECTORS

The Directors during the Year and up to the date of this annual report are:

Executive Directors

Mr. Chen Guobao (*Chairman*)

Mr. Wang Zhenfei (*Chief Executive Officer*)

Non-executive Director

Mr. Yang Fu Kang (*Deputy Chairman*)

Mr. Li Yunping

Mr. Wang Huasheng

Mr. Jiang Jianguyu (resigned from the Board on 6 August 2021)

Independent Non-executive Directors

Mr. Yan Jianjun

Mr. Fan Yimin

Ms. Yang Meihua (appointed as Director on 31 January 2022)

Mr. Chai Chi Man (resigned from the Board on 31 January 2022)

Article 112 of the Articles of Association provides that any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company 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. Any such Director appointed shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting of the Company.

Report of the Directors

Article 108(a) of the Articles of Association provides that at each AGM, one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. According to article 108(b) of the Articles of Association, the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself/herself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the AGM shall retire by rotation at such AGM. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with the above provisions of the Articles of Association, four Directors, namely Mr. Wang Zhenfei, Mr. Li Yunping, Mr. Fan Yimin and Ms. Yang Meihua will retire at the annual general meeting to be held in 2022 (“**2022 AGM**”) and, being eligible, will offer himself/herself for re-election at the 2022 AGM.

The Nomination Committee had assessed and reviewed each of the INEDs written confirmation of independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all of them, namely Mr. Yan Jianjun, Mr. Fan Yimin, and Ms. Yang Meihua remain independent.

The biographical details of the Directors and senior management of the Group are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS’ SERVICE CONTRACTS

Each of the executive Directors and the INEDs has entered into an agreement for appointment/a service agreement with the Company for a term of three years, save for the term of appointment of Ms. Yang Meihua as INED was one year.

Each of the non-executive Directors has entered into an agreement for appointment/a service agreement with the Company for a term of one year.

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

All Directors are subject to retirement by rotation at least once every three years in accordance with the Articles of Association.

Report of the Directors

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

As at 31 December 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) 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 under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long position in the shares of HK\$0.01 each of the Company ("Shares")

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares/ interested	Approximate percentage of the Company's issued Shares
Mr. Chen Guobao	Interest of a controlled corporation (Note)	632,500,000	51.42%

Note:

The entire issued share capital of Full Fortune International Co., Ltd ("Full Fortune") is beneficially owned by Mr. Chen Guobao, the Chairman and an executive Director. Therefore, Mr. Chen Guobao is deemed to be interested in 632,500,000 Shares held by Full Fortune by virtue of the SFO. Mr. Chen Guobao is the sole director of Full Fortune.

Long position in the ordinary share of an associated corporation

Name of Director/ chief executive	Name of associated corporation	Capacity/Nature of interest	Number of share held	Percentage of interest
Mr. Chen Guobao (Note (2))	Full Fortune (Note (1))	Beneficial owner	1	100%

Notes:

(1) Full Fortune is the direct shareholder of the Company and is an associated corporation of the Company within the meaning of Part XV of the SFO.

(2) Mr. Chen Guobao is the sole director of Full Fortune.

Save as disclosed above, as at 31 December 2021, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 in which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Report of the Directors

SHARE OPTION SCHEME

The Company has not adopted any share option scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporation" above:

- (a) at no time during FY2021 was the Company, any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors or their respective associates (as defined in the Listing Rules) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate; and
- (b) none of the Directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during FY2021.

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

As at 31 December 2021, so far as is known to the Directors, the following persons and entity, other than the Directors and the chief executive of the Company, had interests or short positions in the shares or underlying shares as recorded in the register of the Company required to be kept under Section 336 of the SFO:

Long position in the Shares

Name of Shareholder(s)	Capacity/Nature of interest	Number of Shares interested or held	Approximate percentage of the Company's issued Shares
Full Fortune	Beneficial owner	632,500,000	51.42%
Ms. Jiang Xiahong	Interest of spouse (Note)	632,500,000	51.42%

Note:

The entire issued share capital of Full Fortune is beneficially owned by Mr. Chen Guobao. Ms. Jiang Xiahong is the spouse of Mr. Chen Guobao and is therefore deemed to be interested in all the Shares held by Mr. Chen Guobao through his controlled corporation by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, so far as is known by or otherwise notified to the Directors, no other persons or entity (other than the Directors or the chief executive of the Company) had interests and short positions in the shares and underlying shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

Report of the Directors

FIVE HIGHEST PAID INDIVIDUALS AND THE REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors' remuneration and the five individuals with highest emoluments are set out in Note 10 to the Consolidated Financial Statements in this annual report. The five highest paid individuals of the Group included two executive Directors, and the remaining individuals fell within the following band:

Remuneration band	Number of individuals
Nil to HK\$1,000,000	–
HK\$1,000,001 to HK\$3,000,000	2
HK\$8,000,001 to HK\$9,000,000	1

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the Year, none of the Directors or the controlling shareholders of the Company nor their respective associates (as defined in the Listing Rules) had any interest in a business that competes or may compete, either directly or indirectly with the business of the Group.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited Consolidated Financial Statements in this annual report and the Prospectus, is set out on page 143 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are set out in the section headed "Management Discussion and Analysis" of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

There was no transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries, its holding companies or its fellow subsidiaries was a party and in which a Director nor a connected entity of a Director had a material interest, either directly or indirectly, subsisted at the end of FY2021 or at any time during FY2021.

Report of the Directors

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of FY2021 or at any time during FY2021.

PERMITTED INDEMNITY

The Articles of Association provide that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Group has taken out and maintained directors' liability insurance throughout FY2020 and FY2021, which provides appropriate cover for legal actions brought against the Directors and directors of the subsidiaries of the Company. The level of the coverage is reviewed annually.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue from rendering of services attributable to the Group's five largest customers combined was less than 30% of the total revenue of the Group for FY2021 and FY2020.

The top five suppliers of the Group accounted for approximately 42.0% (FY2020: 75.0%) of the Group's total purchases and the largest supplier of the Group accounted for 22.1% (FY2020: 33.1%) of the Group's total purchases for FY2021.

None of the Directors, their close associates, or any Shareholder, which to the knowledge of the Directors own more than 5% of the issued shares, has any interest in the Group's five largest customers and suppliers.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the businesses of the Group was entered into or existed during FY2021.

CONNECTED TRANSACTIONS

The Group has not entered into any related party transaction, connected transaction or continuing connected transaction for FY2021 which should be disclosed pursuant to the requirements of Chapter 14A of the Listing Rules. Details of related party transactions undertaken in the usual course of business are set out in the notes to the Consolidated Financial Statements. None of these related party transactions constitute a disclosable connected transaction as defined under the Listing Rules.

Report of the Directors

BANK BORROWINGS

As at 31 December 2021, the Group was in net cash position with no bank borrowings.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or under the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained a sufficient amount of public float for its issued shares as required under the Listing Rules throughout the Year.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code and its own code of conduct throughout the Year. The Model Code also applies to other specified senior management of the Group.

EMOLUMENT POLICY OF THE GROUP

The emolument policy of the senior employees of the Group was tabled and recommended by the Remuneration Committee to the Board on the basis of the employees' merit, qualifications and competence.

The emoluments of the Directors are formulated and recommended by the Remuneration Committee to the Board, having regards to the Company's operating results, individual performance of the Directors and comparable market statistics.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" of this annual report.

Report of the Directors

DIVIDEND POLICY

The Company has adopted a dividend policy (“**Dividend Policy**”) in recommending dividends, to allow the Shareholders to participate in the Company’s profits and for the Company to retain adequate reserves for future growth. The Company considers stable and sustainable returns to the Shareholders to be its goal.

Subject to the approval of the Shareholders and the requirements of the relevant law, the Company shall pay annual dividends to the Shareholders if the Group is profitable, the environment in which the Group operates is stable and there is no significant investment or commitment made by the Group. The remaining net profits will be used for the Group’s development and operations. The Board may from time to time pay to the Shareholders such interim dividends if they appear to be justifiable to the Directors in view of the profits of the Group. The Dividend Policy allows the Company to declare special dividends from time to time in addition to interim and/or final dividends.

In proposing any dividend payout, the Board shall also take into account, inter alia, the Group’s actual and expected financial performance; the Group’s expected working capital requirements and future expansion plans; the Group’s debt to equity ratios and the debt level; any restrictions on payment of dividends that may be imposed by the Group’s lenders; general economic conditions, business cycle of the Group’s business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; dividends received from the Company’s subsidiaries; the Shareholders’ and investors’ expectations and industry’s norm; and any other conditions or factors that the Board deems relevant.

The Dividend Policy and the declaration and/or payment of future dividends under the Dividend Policy are subject to the Board’s continuing determination that the Dividend Policy and the declaration and/or payment of dividends would be in the best interests of the Group and Shareholders. The Board endeavours to maintain a balance between meeting Shareholders’ expectations and prudent capital management with a sustainable Dividend Policy.

Details of the approval and payment procedures have been set out in Articles 154-170 of the Articles of Association. The form, frequency and amount of dividend payment by the Company are subject to any restrictions under the laws of the Cayman Islands and the Articles of Association of the Company.

The Board reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way oblige the Company to declare a dividend at any time or from time to time.

Report of the Directors

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the shares, they are advised to consult their professional advisers.

INDEPENDENT AUDITOR

The Consolidated Financial Statements have been audited by Foo Kon Tan LLP, who will retire at the conclusion of the forthcoming AGM, and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders at the forthcoming AGM to re-appoint Foo Kon Tan LLP as the auditor of the Company.

EVENTS AFTER THE YEAR

Save as disclosed in this annual report, the Directors confirm that no major event that affects the Group after 31 December 2021 and up to the date of this annual report.

On behalf of the Board

Chen Guobao

Chairman and Executive Director

Hong Kong, 30 March 2022

Environmental, Social and Governance Report

The Group is pleased to present our Environmental, Social and Governance (“**ESG**”) Report. This ESG Report summarises our ESG performance and challenges during the Year and demonstrates our ongoing commitment to improve our ESG performance as we progress on our sustainability journey.

The Group is committed to promoting sustainable development, which is extremely important to create long-term value for the Company’s Shareholders, clients, employees, other stakeholders, as well as the general public. The Group cares about the impact of its daily operations on environment and society. While conducting its business operations, it makes effort to meet the interests of all stakeholders, economy, environment, society and corporate governance and does its best to achieve a fine balance.

This ESG Report compiled in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Listing Rules. The data and other information contained in this ESG Report was sourced from the Group’s internal documents and was collated from multiple business units across the Group.

ENVIRONMENTAL

Aspect A1: Emissions

As the principal business of the Group is providing manpower supply, there is minimal direct impact to the environment and we do not generate hazardous waste. Our business operation is subject to certain environmental requirements pursuant to the laws in Singapore, including primarily those in relation to water pollution of our self-operated dormitories and the cleanliness of our workplace under the Environmental Public Health Act.

The biggest contributor to the Group’s carbon footprint is the indirect greenhouse gas (“**GHG**”) emission from electricity consumption, which is mainly attributed to the use of lighting system, air-conditioning, office equipment and motor vehicle exhaust gas during transportation.

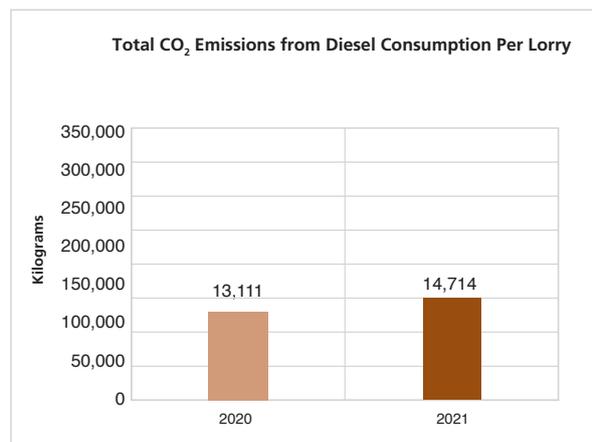
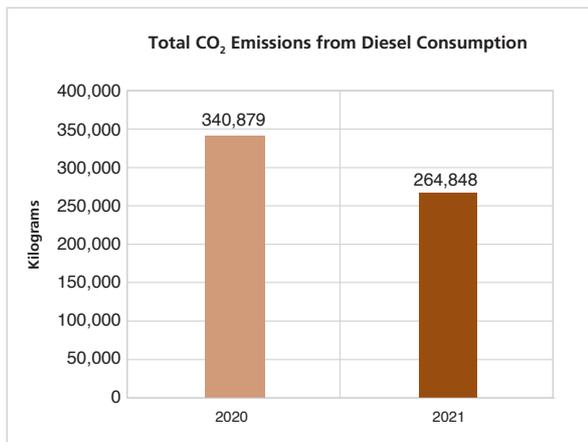
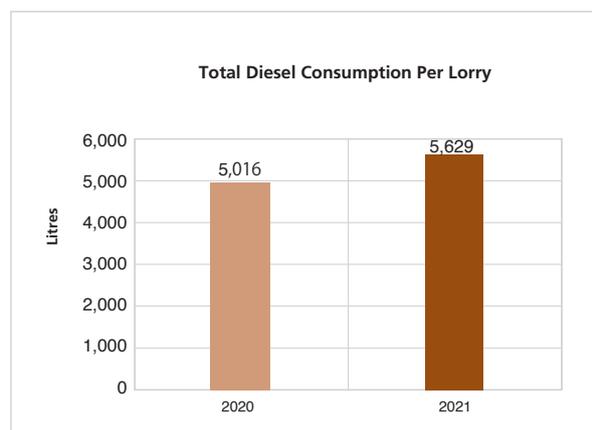
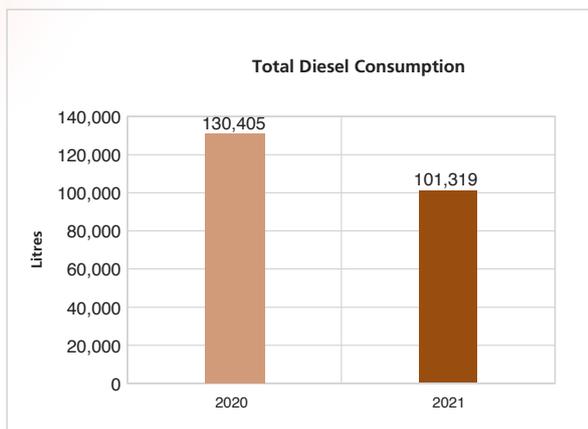
Recognising the impact of carbon and other GHG emissions on the global climate and the environment, the Group encourages the employees to turn off the lights, air-conditioners and electrical equipment when not in use and use energy-saving light bulbs such as light-emitting diode (“**LED**”) instead. Our lorries undergo regular maintenance and we instruct our drivers to switch off idling engines.

The Group was not aware of any material non-compliance with environmental laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous that would have a significant impact on the Group.

We do not generate hazardous waste and our non-hazardous waste at our dormitories are properly disposed.

Environmental, Social and Governance Report

Our total diesel consumption and Carbon Dioxide (“CO₂”) emissions have decreased to 101,319 litres and 264,848 kilograms in 2021, respectively. While diesel consumption and CO₂ emissions per lorry slightly increased from 5,016 litres and 13,111 kilograms per lorry in 2020, respectively, to 5,629 litres and 14,714 kilograms per lorry in 2021, respectively. This was due mainly to (i) several months of suspension of most construction activities during the CB period which led to a significant decrease in transportation usage; and (ii) our efforts in reducing fuel consumption was disturbed by Covid-19. The Group has gradually resumed its operations at the construction sites following the ease of CB measures. However, the pace of resumption remains disciplined due to the stringent safety and health requirements on manpower by the Singapore government.



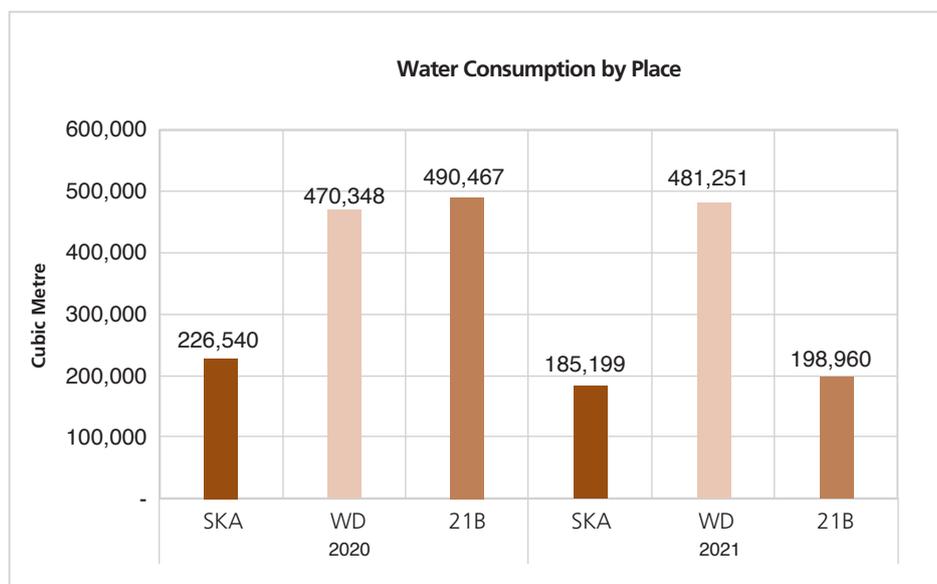
Environmental, Social and Governance Report

Aspect A2: Use of Resources

Electricity Conservation

We have implemented various energy-saving measures such as the use of energy saving lightings and energy efficient air-conditioning system. We also encourage employees to turn off the lights, air-conditioners and electrical appliances when not in use.

Our overall electricity consumption decreased from 1,187,355 kilowatt-hour in 2020 to 865,410 kilowatt-hour in 2021 due mainly to a decrease in the number of foreign workers staying in our dormitories (“**SKA**” – Sungei Kadut, “**WD**” – Woodlands and “**21B**” – 21B Senoko Loop) and our efforts in energy-saving measures.



Water conservation

In Singapore, fresh water is a precious resource and we should try to protect water resources. As such, we have established an environmental management system that comprises measures and work procedures that are required to be followed by our employees, including but not limited to, internal policies on water and energy conservation.

To ensure our workers are committed to reducing water usage, we have placed reminders near our water taps to remind our foreign workers to turn the faucet to the off position while not in use. We have also installed water efficient fittings such as press taps and dual flush water cisterns at our dormitories.

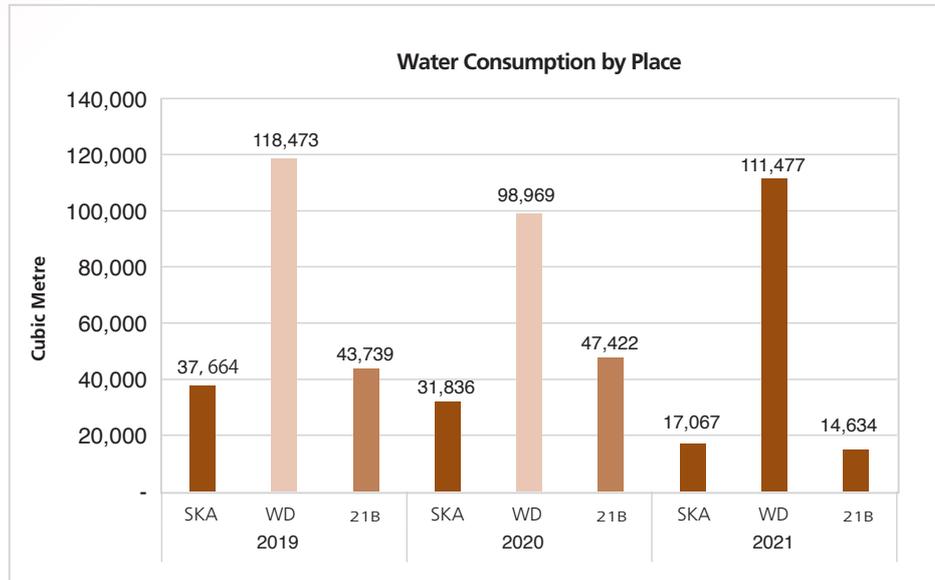
The Group does not primarily engage in businesses which produce a large amount of industrial wastewater. Our wastewater mainly comes from the discharge of domestic wastewater from our dormitories.

We check our water consumption regularly and repair dripping faucets or hoses in a timely manner. There is no issue in sourcing water for dormitory purpose as Singapore has built a robust, diversified and sustainable water supply from four water sources known as the Four National Taps – (i) water from local catchment; (ii)

Environmental, Social and Governance Report

imported water; (iii) high-grade reclaimed water known as NEWater; and (iv) desalinated water. In integrating the water system and maximising the efficiency of each of the Four National Taps, Singapore has overcome its lack of natural water resources to meet the needs of a growing nation (source: <https://www.pub.gov.sg/watersupply/fournationaltaps>).

Our water consumption at our dormitories for the Year are as follows:



Our dormitory operating subsidiary, Nichefield Pte. Ltd. received an award from the Water Supply (Network) Department of Singapore's National Water Agency for running the Woodlands Dormitory as a water efficient (basic) building in November 2016.

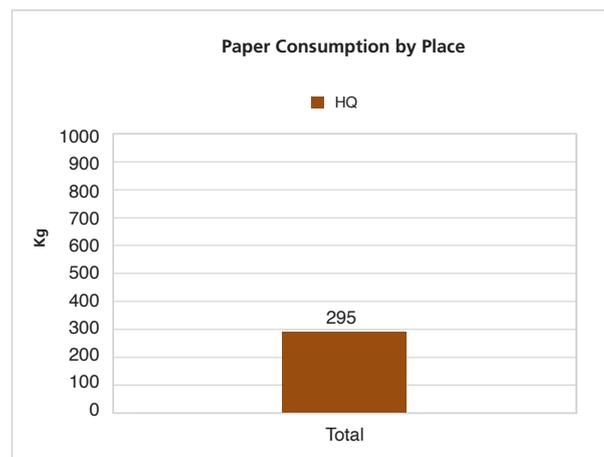
From 2020 to 2021, our overall water consumption decreased from 178,227 cubic metres to 143,178 cubic metres mainly due to a decrease in the number of foreign workers staying in our dormitories as well as the effectiveness of the water saving measures as mentioned above.

Environmental, Social and Governance Report

Paper conservation

The Group has adopted green office practices to reduce consumption and the impact on the environment. In order to reduce waste paper, we have developed the following measures:

- Reusing single-sided paper to minimise paper consumption, provided that the paper does not contain any confidential information;
- Deploying recycling bins to collect used paper products such as waste papers, posters, letters and envelopes;
- Saving paper by doing two-sided printing and writing on both sides of the papers;
- Encouraging employees to bring their own cup and avoiding paper cups usage;
- Reusing stationeries such as file folders and envelopes; and
- Reusing packaging boxes.



Information on the packaging material used and intensity of the electricity, water and paper consumption (e.g. per unit of production volume, per facility) is not available as we are not in the manufacturing industry.

Aspect A3: The Environmental and Natural Resources

Although our business does not directly damage and affect the environment, we have put in place various ways to help reduce the emissions from our daily operation and save energy consumption with a goal to minimising the impact on the environment.

Save as disclosed in sections A1 and A2 above, the Group's operating activities have no significant impact on the environment and natural resources.

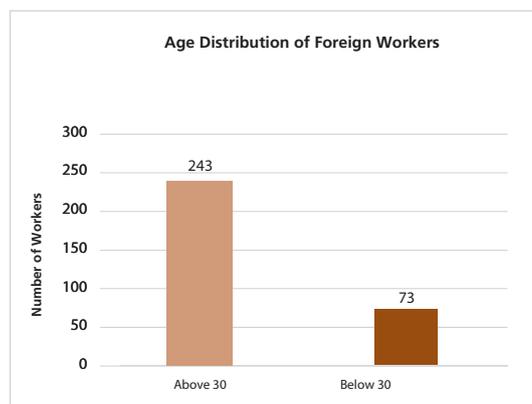
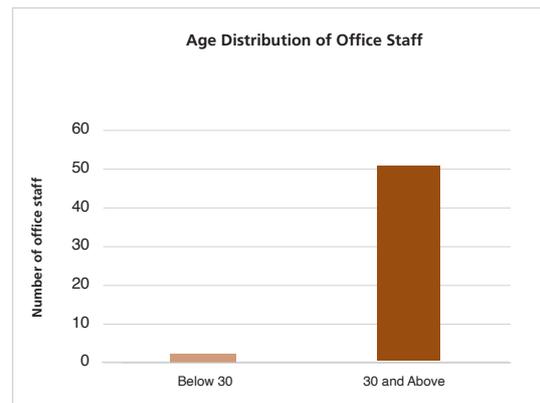
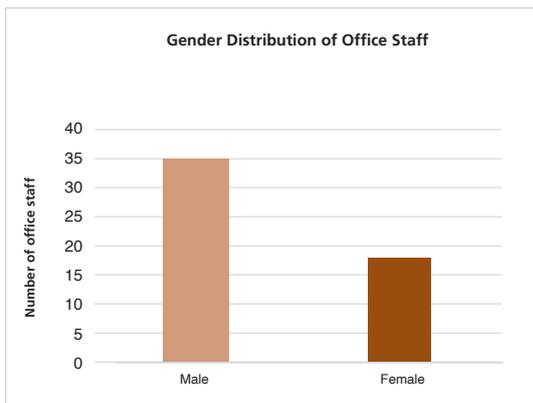
Environmental, Social and Governance Report

EMPLOYMENT AND LABOUR PRACTICES

Aspect B1: Employment

We embrace differences and recognise that diverse perspectives are important to our business success. As a responsible employer, the Group is committed to promoting equal opportunities and eliminating discrimination in all aspects of employment, training and career development. We promote equal opportunity with a strong emphasis on merit-based promotions. The Group is dedicated to developing a positive and harmonious workplace for employees, ensuring that every employee is treated equally and fairly, free from discrimination in respect of age, disability, religious belief, gender, sexual orientation, race, marital status, political belief and nationality, or any other category defined by law in all aspects of employment including recruitment, promotion, and opportunities for training, pay and benefits. Firmly believing that human resources is one of the most valuable assets towards corporate success, we have put in place recruitment policies and a staff appraisal system. Internal employment and incentive processes are standardised and regulated by the management of the Group, and strictly executed by the Human Resources (“HR”) department to attract and retain valuable talents.

As at 31 December 2021, we have 53 local staff and 316 foreign workers. Our staff are remunerated according to their scope of employment and responsibilities. Most of our staff are based in Singapore. All foreign workers are male while the breakdown of local employees are as follows:



For the Year, the Group had no violation record on relevant laws and regulations regarding employment that have significant impact on the Group.

Environmental, Social and Governance Report

Staff Handbook

All employees are given a staff handbook which they are required to adhere to. Our staff handbook details out the general terms and conditions of employment as well as certain employment procedures of our Group. It includes conditions of employment, holidays and leaves, employee benefits, performance appraisal and promotion, code of conduct and other matters such as disposal of confidential papers and energy conservation.

Performance Appraisal

Our transparent promotion practices take into account various factors such as business needs, increased scope of employment and responsibility, capability and contributions to the Group, as well as endorsements from the senior management.

The Group has a systematic and standardised appraisal system to evaluate employees' performances, assess their capabilities and determine whether they are in line with the Group's business development. It also provides a basis for promotion, salary increment and a communication platform for employees and management to set mutually acceptable and measurable performance standards, and career development opportunities.

Salaries are reviewed annually and discretionary bonuses are paid on periodic basis with reference to individual performance appraisals and the Group's performance.

Human Resources Policy

In line with our HR policy, our HR department is responsible for conducting our staff interview, probation, training, employee data maintenance, termination and resignation, performance evaluation and feedback mechanism, compensation, payroll, leave application and other HR matters.

Hiring of Foreign Workers

We are required to comply with the rules and regulation as stipulated by the Ministry of Manpower Singapore. Our current recruitment process provides equal opportunity in employment practices without discrimination in race and religion.

Employee Welfare

The Group ensures all employees are entitled to be paid for annual leave, marriage leave, maternity leave and other statutory leaves and holidays in accordance with the law and safeguards employees' basic rights. Other benefits that are available to eligible employees include medical insurance scheme and long service awards.

Environmental, Social and Governance Report

Dismissal

The Group ensures all employees are protected under the employment protection laws of Singapore. Our procedures generally include:

- Whenever an employee has handed in his or her resignation letter or being laid off, our HR executive or head of HR department will interview him or her to find out the reason of resignation;
- When we terminate an employment contract, the dismissed employee shall be given either his or her due notice or wages in lieu of notice, and the notice should not be served during his or her annual leave and maternity leave;
- An employee cannot be dismissed when she has been confirmed pregnant by a qualified medical doctor or have given notice of pregnancy to the Company.

Aspect B2: Health and Safety

Safety is integral to our business operations. The Group recognises the importance of a safe and healthy work environment as the cornerstone of a successful organisation and aims to ensure that the health and safety of our employees are well taken care of. As such, we have engaged third party service providers to perform pest control at our self-operated dormitories from time to time. We also place emphasis on occupational health and work safety and provide regular training on workplace health and safety to our employees.

We are committed to protecting the health and safety of the employees and the community, we require all employees to comply with all the relevant occupational health and safety regulations, and do our utmost to provide them with a safe and healthy working environment. This includes providing the employees with the necessary protective equipment and medical insurance.

Due to the nature of works at construction sites, risks of accidents or injuries to our deployed workers are inherent. We have established a safety management system with reference to the Occupational Health & Safety Assessment Series ("**OHSAS 18001**") standards. This provides a framework for monitoring and evaluating the implementation of our safety policies and measures, from planning to actual implementation in daily operations, in an effort to provide our employees with a safe and healthy working environment.

Since 2009, the occupational health and safety management systems put in place by our operating subsidiaries, KT&T Engineers and Constructors Pte. Ltd. and Tenshi Resources Pte. Ltd., have been certified to be in accordance with the requirements of the OHSAS 18001:2007 standards.

We encourage our employees to inform us of any health and safety issues in their workplace so that we can eliminate or reduce the risk and work together to alleviate any health and safety risks to a minimum.

During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to occupational health and safety that have a significant impact on the Group.

Environmental, Social and Governance Report

Aspect B3: Development and Training

We believe that our employees and foreign workers should be equipped with skills needed to thrive in a rapidly evolving industry. Their development and training are instrumental to improve productivity and ensure sustainable growth of our Group.

Recognising that knowledge and skills of our employees are vital to the Group's continued business growth and success, it is the policy of the Group to encourage employees to attend appropriate courses to enhance their competence for performance improvement and career development. In view of this, the Group has organised workshops, seminars and training programmes that covered various aspects to improve employees' level of skills and knowledge and maximise their potential. They are also encouraged to enrol in job-related courses to enrich themselves.

In order to provide quality service to our customers, we constantly send our foreign workers to different types of training courses covering a wide range of areas such as inhouse rebar, carpentry and plastering training; coretrade for plumbing and pipe fittings; coretrade for precast concrete component erection; work-at-height; construction safety; rigger & signal; boom lift; tunnelling; confine space; and welder.

In FY 2021, we spent S\$40,453 in foreign workers training.

Aspect B4: Labour Standards

The Group firmly adopts a zero-tolerance policy on child labour and forced labour and we do not employ any person below the age of eighteen years at our workplace. Our suppliers are expected to follow the same standard of labour practices when working with us.

No employee should be made to work against his/her will or work as bonded/forced labour, or subject to corporal punishment or coercion. Our HR department, recruitment department and our site coordinators are responsible for implementing this policy.

HR department, recruitment department and administrative department maintain the employment contracts and relevant documentation on the details of our employees and foreign workers.

During the Year, the Group was not aware of any material non-compliance with the laws and regulations regarding child and forced labour that have a significant impact on the Group.

Environmental, Social and Governance Report

OPERATING PRACTICES

Aspect B5: Supply Chain Management

Most of our suppliers are based in Singapore. In managing the environmental and social risks of our supply chain, we will perform assessments on all our suppliers before engaging them and maintain an approved vendor list. We will also monitor and assess our suppliers annually whereby those with poor performance will be removed from our approved vendor list.

New supplier assessment

Our new suppliers are assessed based on capability, past track records, achievements and results of financial due diligence.

Monitoring of suppliers and subcontractors

We evaluate and monitor our suppliers' performance based on (1) the quality of service; (2) the timeliness in completing the required service or delivering of goods; (3) responsiveness; and (4) compliance with relevant rules and regulations. Suppliers' unsatisfactory performance will lead to their removal from our approved vendor list.

Aspect B6: Product Responsibility

As our business nature does not involve any manufacturing process, product responsibility issues are not directly related to us. However, we are committed to offering superior quality services to our customers by satisfying their expectations and needs.

The quality control measures adopted by our Group in respect of our foreign workers include the following:

(i) Service quality

We conduct regular evaluation on our foreign workers' performance. Our team of site coordinators conducts routine inspection at the relevant work sites to ascertain our customers' satisfaction with the service quality of our deployed workers. Further, our sales managers will usually make follow-up telephone calls to our customers shortly after the deployment to obtain their feedbacks, and attend to the complaints received from our customers, if any. If our customers consider the performance of any deployed workers unsatisfactory, we will, pursuant to the relevant contract terms, arrange for appropriate replacement in the following work day after receiving their requests. We will determine whether we will terminate and/or renew the employments of our foreign workers upon their expiry based on the evaluation results.

Environmental, Social and Governance Report

(ii) Daily management

While our foreign workers are under the supervision and control of our customers during their deployment, we generally require our customers to give a series of undertakings to us regarding the management of our deployed workers. Further, in the employment contracts with our foreign workers, we typically require them to closely follow our in-house dormitory rules, report to work on time as required by us and accept our assignment of jobs at different work sites of our customers from time to time.

(iii) Trainings

We provide in-house trainings to our foreign workers on rebarbing and other general construction works and arrange for some of them to attend external training courses on specialised construction works. We also provide briefings to our deployed workers on their service standard and work safety measures before the commencement of work.

(iv) Health and safety

Pursuant to the Workplace Safety and Health Act of Singapore, all our deployed workers will attend the safety induction course conducted by an onsite safety officer appointed by the main contractor of the work site on their first day of deployment. In addition, our site operations team will provide briefings to our deployed workers on their service standard and work safety measures before the commencement of work.

Data Protection

We respect customer data privacy and are committed to preventing customer data leakage or loss. Every employee must follow local regulations in relation to personal data privacy in order to safeguard customer data. Collected customer personal data is only accessible by an authorised personnel and those who would handle with care.

Intellectual Property Rights

The Group strives to protect its own Intellectual Property (“IP”) rights and respects third party IP rights according to all related applicable laws and regulations. We have registered our operating subsidiary, KT&T Engineers and Constructors Pte. Ltd.’s, logo in Singapore on 18 September 2017 and it will be up for renewal on 18 September 2027.

We will monitor and keep track of the validity of these trademarks and shall take the necessary action to protect our IP rights.

Environmental, Social and Governance Report

Advertising and labelling

As we are in the manpower outsourcing, dormitory and IT services industries, we do not produce any goods. Our advertising and labelling activities are mainly flyers which are distributed to new customers. Currently, we are reducing our hard copy flyers and switching to electronic forms.

During the Year, the Group was not aware of any material non-compliance with the laws and regulations relating to health and safety, advertising, labelling and privacy matters that would have a significant impact on the Group.

Aspect B7: Anti-corruption

The Group operates with a high standard of integrity and ethics. Employees are required to conduct themselves with integrity, in an ethical and proper manner, and in compliance with the applicable laws and regulations of the countries in which the Group operates, including anti-bribery laws.

The Group has implemented gift and entertainment policy and fraud investigation policy to minimise risks of fraud, corruption and bribery. All employees are required to become acquainted with and abide by these policies and procedures. Every employee is required to complete the form for declaration of conflict of interest annually.

We have the current procedures to ensure our foreign workers are not being extorted:

- 1) renew their permits based on their work performance, disciplinary issues and their acceptance. Renewal of work permit is done by HQ; and
- 2) put on posters on dormitories to inform foreign workers of their employment rights.

As we are not a financial institution and our businesses are mainly in Singapore, we do not have much cross border transactions. We do not have an anti-money laundering policy in place. However, all receipts of monies are matched to the customer invoices before banking in and all payments are matched to valid supplier invoices before processing payment.

We provide channels for our employees to report instances that they believe to be unethical or in breach of the Group's policies. The Group's whistleblowing policy allows employees to report suspicious cases in a confidential manner.

During the Year, the Group was not aware of any material breach of laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Aspect B8: Community Investment

The Group recognises the inextricable connection between its continuous success and community prosperity. As a responsible and constructive corporate citizen, the Group has continuously offered sponsorships to various charitable organisations. For the Year, we have contributed donation of S\$54,000.

Independent Auditor's Report



REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Jinhai International Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2021, 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 accompanying consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards (“**IFRS**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“**ISAs**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “**IESBA Code**”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

Key Audit Matters

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

Assessment of impairment of property, plant and equipment (Note 13 to the financial statements)

Risk:

The assessment of the recoverable amount of property, plant and equipment based on valuations involves use of significant estimations and assumptions. The Group also considered the reasonably possible impacts of COVID-19 on the carrying amount of property, plant and equipment.

Our response:

We evaluated the competence, qualification and objectivity of the management's valuers, obtained an understanding of the work of the management's valuers and evaluated the appropriateness of work of the management's valuers as audit evidence for the relevant assertion.

We evaluated the competence, capabilities and objectivity of the auditor's expert. We considered, via the auditor's expert, the valuation methodology used by management's valuer against those applied by other valuers for similar asset types. We evaluated and challenged the reasonableness of the significant inputs and assumptions used in the valuations.

We also assessed the adequacy of the disclosures in the financial statements.

Assessment of impairment of right-of-use assets (Note 14 to the financial statements)

Risk:

The Group assessed the recoverable amount of right-of-use assets based on valuations. The computation of the recoverable amount of the right-of-use assets involved significant estimates and assumptions in determining an incremental borrowing rate from a market participant's perspective.

Our response:

We assessed that the management's valuer possessed the requisite competency and experience to assist management in the assessment of the recoverable amount of right-of-use assets. We obtained an understanding of the work of the management's valuer and evaluated the appropriateness of work of the management's valuer as audit evidence for the relevant assertion.

We considered the valuation methodologies used by management and management's valuer. We examined the valuation assumptions with regards to the market conformity. We reviewed the mathematical correctness of fundamental calculation steps.

Independent Auditor's Report

Key Audit Matters *(Continued)*

Assessment of impairment of right-of-use assets (Note 14 to the financial statements) *(Continued)*

We evaluated the competence, capabilities and objectivity of the auditor's expert. Through our appointed auditor's expert, we assessed the appropriateness and reasonableness of the methodology, inputs and assumptions used or relied on by management, including determination of an incremental borrowing rate from a market participant's perspective related to computation of fair values of leases of leasehold land, dormitory cum warehouse premises and plant and equipment.

We also considered the adequacy of the disclosures in the financial statements.

Assessment of impairment of investment properties (Note 15 to the financial statements)

Risk:

The Group assessed the recoverable amount of investment properties, measured at cost, based on fair value less costs to sell which was higher than value-in-use. The determination of fair value less costs to sell included use of unobservable inputs. The Group also considered the reasonably possible impacts of COVID-19 on the carrying amount of investment properties.

Our response:

We assessed the management's valuer's competence, qualification and objectivity, obtained an understanding of the work of the management's valuer and evaluated the appropriateness of work of the management's valuer as audit evidence for the relevant assertion.

We also evaluated that the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the appropriateness of the valuation techniques used by the external valuers for the respective investment properties, taking into account the profile and type of these properties. We discussed with the external valuers on the results of their work, and compared the key assumptions used in their valuations by reference to internal historical data and available benchmarks and considered whether these assumptions were consistent with the current market environment.

We also considered the adequacy of the disclosure in the financial statements.

Independent Auditor's Report

Key Audit Matters *(Continued)*

Impairment assessment of trade receivables (Note 17 to the financial statements)

Risk:

Significant management judgement is required to assess the expected credit losses.

Our response:

We assessed the reasonableness of the assumptions used in the ECL calculation taking into consideration historical credit loss data and adjustments for current market environment and forward-looking information.

We analysed the aging of trade receivables, requested trade receivables balance confirmations, and tested subsequent receipts of trade receivables post balance sheet date.

We assessed the recoverability of the trade receivables on a sample basis through our evaluation of management's assessment with reference to, amongst others, the credit profile of the customers, historical payment pattern of customers, publicly available information and latest correspondence with customers.

We reviewed the sufficiency of the disclosures in the financial statements.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Independent Auditor's Report

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS issued by IASB 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 directors' responsibilities include overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Toh Kim Teck.

Foo Kon Tan LLP

Public Accountants and Chartered Accountants
Singapore, 30 March 2022

Consolidated statement of profit or loss and other comprehensive income

for the financial year ended 31 December 2021

	Note	Year ended 31 December 2021 S\$	Year ended 31 December 2020 S\$
Revenue			
– Services	4	19,858,170	22,471,557
– Products	4	1,558,283	–
		21,416,453	22,471,557
Cost of services	4	(12,255,012)	(13,616,695)
Cost of sale of products		(1,401,174)	–
		(13,656,186)	(13,616,695)
Gross profit		7,760,267	8,854,862
Other income	5	1,899,621	3,188,216
Selling expenses		(17,969)	(19,284)
Administrative expenses		(8,696,505)	(10,594,896)
Impairment loss on trade and other receivables		(446,206)	(91,278)
Other (losses)/gains	6	(395,083)	401,826
Finance costs	7	(132,312)	(313,721)
(Loss)/Profit before taxation	8	(28,187)	1,425,725
Income tax expense	9	(435,460)	(162,646)
(Loss)/Profit after taxation		(463,647)	1,263,079
Other comprehensive (loss)/income, after tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation differences arising on consolidation of foreign operations		146,738	24,968
Total comprehensive (loss)/income for the year		(316,909)	1,288,047
(Loss)/Profit attributable to:			
Owners of the Company		(212,022)	1,263,079
Non-controlling interests		(251,625)	–
(Loss)/Profit for the year		(463,647)	1,263,079
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(65,836)	1,288,047
Non-controlling interests		(251,073)	–
Total comprehensive (loss)/income for the year		(316,909)	1,288,047
Earnings per share		Cents	Cents
Basic and diluted	12	(0.02)	0.10

The accompanying notes form an integral part of and should be read in conjunction with the financial statements.

Consolidated statement of financial position

as at 31 December 2021

	Note	31 December 2021 S\$	31 December 2020 S\$
ASSETS			
Non-current			
Property, plant and equipment	13	1,044,941	1,429,207
Right-of-use assets	14	785,060	2,858,451
Investment properties	15	1,008,863	2,438,956
Deferred tax assets	16	189,386	206,100
Other receivables	18	33,181	33,181
		3,061,431	6,965,895
Current			
Trade receivables	17	1,464,816	2,281,692
Other receivables, deposits and prepayments	18	4,866,142	4,425,544
Financial assets at fair value through profit or loss	19	8,735,795	7,137,155
Income tax recoverable		46,168	–
Inventories	20	873,637	–
Cash and bank balances	21	14,637,357	18,602,537
		30,623,915	32,446,928
Total assets		33,685,346	39,412,823
EQUITY			
Capital and Reserves			
Share capital	22	2,142,414	2,142,414
Share premium	23	14,958,400	14,958,400
Merger reserve		1,350,000	1,350,000
Currency translation reserve		171,154	24,968
Retained earnings		6,802,621	7,014,643
		25,424,589	25,490,425
Non-controlling interests		(251,073)	–
		25,173,516	25,490,425

The accompanying notes form an integral part of and should be read in conjunction with the financial statements.

Consolidated statement of financial position

as at 31 December 2021

	Note	31 December 2021 S\$	31 December 2020 S\$
LIABILITIES			
Non-Current			
Lease liabilities	26	254,012	708,701
Deferred tax liabilities	16	25,050	47,170
		279,062	755,871
Current			
Trade and other payables	24	4,986,789	7,551,236
Contract liabilities	25	1,199,112	466,696
Lease liabilities	26	1,614,413	4,795,025
Current tax liabilities		432,454	353,570
		8,232,768	13,166,527
Total liabilities		8,511,830	13,922,398
Total equity and liabilities		33,685,346	39,412,823

The consolidated financial statements on pages 65 to 142 were approved and authorised for issue by the Board of Directors on 30 March 2022 and are signed on its behalf by:

Chen Guobao
Chairman and Executive Director

Wang Zhenfei
Executive Director

The accompanying notes form an integral part of and should be read in conjunction with the financial statements.

Consolidated statement of changes in equity

for the financial year ended 31 December 2021

	Share capital (Note 22) S\$	Share premium (Note 23) S\$	Merger reserve (Note a) S\$	Currency translation reserve (Note b) S\$	Retained earnings S\$	Total attributable to owner of the Company S\$	Non-controlling interests S\$	Total equity S\$
At 1 January 2020	2,142,414	14,958,400	1,350,000	-	5,751,564	24,202,378	-	24,202,378
Profit for the year	-	-	-	-	1,263,079	1,263,079	-	1,263,079
Other comprehensive income for the year	-	-	-	24,968	-	24,968	-	24,968
Total comprehensive income for the year	-	-	-	24,968	1,263,079	1,288,047	-	1,288,047
At 31 December 2020	2,142,414	14,958,400	1,350,000	24,968	7,014,643	25,490,425	-	25,490,425
Loss for the year	-	-	-	-	(212,022)	(212,022)	(251,625)	(463,647)
Other comprehensive income for the year	-	-	-	146,186	-	146,186	552	146,738
Total comprehensive income/(loss) for the year	-	-	-	146,186	(212,022)	(65,836)	(251,073)	(316,909)
At 31 December 2021	2,142,414	14,958,400	1,350,000	171,154	6,802,621	25,424,589	(251,073)	25,173,516

Note a:

Merger reserve represents the difference between the value of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interest method.

Note b:

The currency translation reserve comprises all foreign exchange differences arising on the translation of the financial statements of foreign subsidiaries stated in a currency different from the Group's presentation currency.

The accompanying notes form an integral part of and should be read in conjunction with the financial statements.

Consolidated statement of cash flows

for the financial year ended 31 December 2021

	Note	Year ended 31 December 2021 S\$	Year ended 31 December 2020 S\$ (Reclassified)
Cash Flows from Operating Activities			
(Loss)/Profit before taxation		(28,187)	1,425,725
Adjustments for:			
Depreciation of property, plant and equipment	8, 13	817,198	1,017,286
Depreciation of right-of-use assets	8, 14	1,605,267	2,256,899
Depreciation of investment properties	8, 15	2,943,125	2,985,911
Reversal of impairment loss on right-of-use assets	6, 14	–	(19,019)
Gain on lease modification	6, 14	(34,278)	–
Impairment loss on/(Reversal) property, plant and equipment	6, 13	14,195	(16,186)
Write-off of property, plant and equipment	6	69,510	–
Finance costs	7	132,312	313,721
Rent concessions		–	(1,354,927)
Government grant	5	(1,358,331)	(2,725,492)
Dividend income	5	(173,791)	(31,077)
Interest income	5	(2,423)	(25)
Net change in fair value of financial assets measured at fair value through profit or loss ("FVTPL")	6	1,049,084	(444,645)
Gain on disposal of property, plant and equipment, net	6	(298,161)	(139,252)
Loss on disposal of right-of-use assets	6	20,937	–
Gain on disposal of financial assets measured at FVTPL	6	(243,613)	(8,606)
Impairment loss on trade and other receivables		446,206	91,278
Operating profit before working capital changes		4,959,050	3,351,591
Change in trade receivables		(580,597)	3,993,412
Change in other receivables, deposits and prepayments		(487,834)	(1,252,590)
Change in inventories		(873,637)	–
Change in contract assets		–	876
Change in trade and other payables		(1,788,448)	(449,049)
Change in contract liabilities		732,416	(143,568)
Cash generated from operations		1,960,950	5,500,672
Government grant received		1,813,737	2,147,833
Income tax paid		(408,150)	(264,932)
Net cash generated from operating activities		3,366,537	7,383,573

Consolidated statement of cash flows

for the financial year ended 31 December 2021

	Note	Year ended 31 December 2021 S\$	Year ended 31 December 2020 S\$ (Reclassified)
Cash Flows from Investing Activities			
Purchase of financial assets at FVTPL		(10,862,782)	(7,218,498)
Purchase of property, plant and equipment	13	(607,079)	(137,503)
Proceeds from disposal of property, plant and equipment		361,161	306,392
Proceeds from disposal of financial assets measured at FVTPL		8,288,099	975,855
Interest received	5	2,423	25
Dividends received from financial assets measured at FVTPL	5	173,791	31,077
Net cash used in investing activities		(2,644,387)	(6,042,652)
Cash Flows from Financing Activities			
Interest paid	7	(132,312)	(313,721)
Repayment of lease liabilities		(4,677,071)	(3,834,086)
Net cash used in financing activities		(4,809,383)	(4,147,807)
Net decrease in cash and cash equivalents		(4,087,233)	(2,806,886)
Cash and cash equivalents at beginning of the year		18,602,537	21,660,275
Effect of foreign exchange rate changes on cash and cash equivalents		122,053	(250,852)
Cash and cash equivalents at end of the year	21	14,637,357	18,602,537

Note:

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January S\$	Non-cash changes			Cash flow Repayment		31 December S\$	
		Lease modification S\$	Disposal S\$	New leases S\$	Interest S\$	Principal S\$		Interest S\$
2021								
Lease liabilities (Note 26)	5,503,726	(662,482)	(41,262)	1,745,514	112,536	(4,677,071)	(112,536)	1,868,425

	1 January S\$	Non-cash changes			Cash flow Repayment		31 December S\$
		Waiver of lease payment S\$	New leases S\$	Interest S\$	Principal S\$	Interest S\$	
2020							
Lease liabilities (Note 26)	10,090,621	(1,354,927)	602,118	281,174	(3,834,086)	(281,174)	5,503,726

The accompanying notes form an integral part of and should be read in conjunction with the financial statements.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

1 GENERAL INFORMATION

Jinhai International Group Holdings Limited (the “**Company**”) was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 14 February 2017. The immediate and ultimate holding company of the Group is Full Fortune International Co., Ltd. The ultimate controlling party is Mr. Chen Guobao, who is also the Chairman and Executive Director of the Company. The registered office of the Company is at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company was registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “**Hong Kong Companies Ordinance**”) on 29 September 2017 and its principal place of business in Hong Kong registered is at Room 2503, Cosco Tower, 183 Queen’s Road Central, Sheung Wan, Hong Kong. The headquarters and principal place of business of the Company in Singapore is at 31 Sungei Kadut Avenue, Singapore 729660. The issued shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 17 October 2017.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of manpower outsourcing and ancillary services, provision of dormitories services, provision of information technology (“**IT**”) services and construction ancillary services for the building and construction industry, and provision of minimally invasive surgery solution products.

The functional currency of the Company is Singapore dollars (“**S\$**”), which is also the presentation currency of the Company and its principal subsidiaries (Note 28).

2 BASIS OF PREPARATION

Significant accounting estimates and judgements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

2 BASIS OF PREPARATION *(Continued)*

Significant accounting estimates and judgements *(Continued)*

Impact of COVID-19

The Coronavirus Disease (“**COVID-19**”) outbreak that began as a viral pneumonia of unknown cause was reported by the People’s Republic of China to the World Health Organisation (“**WHO**”) in December 2019. In January 2020, WHO proclaimed that the outbreak was a public health emergency of international concern. Subsequently, COVID-19 was declared a worldwide pandemic by WHO in March 2020. In response to the pandemic, governments from different countries around the world have implemented containment measures to varying degrees in a bid to curb the spread of the virus. As a result, there has been disruption to global trade due to restrictions for cross-border movement and reduced economic activities during 2020, which continued into in 2021 when new variants of the Coronavirus emerged.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economy of Singapore and China in which the Group operates in. There is significant uncertainty as to the duration of the pandemic and its impact on the economy. In regard to the Group, the impact and consideration of COVID-19 have been in the following areas.

- Accounting for government assistance (Note 5)
- Assessment of impairment of property, plant and equipment (Note 13)
- Assessment of impairment of right-of-use assets (Note 14)
- Assessment of impairment of investment properties (Note 15)
- Impairment assessment of trade receivables (Note 17)
- Impairment assessment of other receivables (Note 18)

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

2 BASIS OF PREPARATION *(Continued)*

Significant accounting estimates and judgements *(Continued)*

Judgements in applying accounting policies

Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determination of functional currency

The Group measures foreign currency translation in the respective currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Determination of the lease term

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

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

2 BASIS OF PREPARATION *(Continued)*

Significant accounting estimates and judgements *(Continued)*

Key sources of estimation uncertainty

Recoverability of trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract asset by reference to historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

Impairment of non-financial assets

Property, plant and equipment, right-of-use assets and investment properties are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on the higher of value-in-use and fair value less costs to sell. Estimating the recoverable amount requires the Group to make estimates of the expected future cash flows from the cash-generating unit and use estimates and assumptions such as future market growth, forecast revenue and costs, useful lives and utilisation of the assets, discount rates and other factors. The determination of the fair value less costs to sell of the Group's property, plant and equipment, right-of-use assets and investment property include use of unobservable inputs. Because of the inherent valuation uncertainty, those estimated fair values may differ significantly from actual results, and those differences could be material. If the fair value less costs to sell decreased by 3% (2020 – 3%) from management's estimates, it is not likely to materially affect the carrying amounts. The Group's carrying amounts of property, plant and equipment, right-of-use assets and investment properties are disclosed in Note 13, 14 and 15, respectively, to the financial statements.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The Group has recognised a deferred tax asset in respect of unabsorbed tax losses of certain subsidiaries in its financial statements which requires judgement for determining the extent of its recoverability at each balance sheet date. The recognition involves best estimation and judgement, including the subsidiaries' future financial performance based on the latest available profit forecasts.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

2 BASIS OF PREPARATION *(Continued)*

Significant accounting estimates and judgements *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Determination of incremental borrowing rate for leases

The Group recognised a lease liability at the present value of the remaining lease payments using the Group's incremental borrowing rate ("**IBR**") for the underlying lease asset; and recognised a right-of-use asset, on a lease-by-lease basis at an amount equal to the lease liability. Management applied significant estimates and assumptions in determining the incremental borrowing rate, with key inputs to the computation comprising the term of the lease, nature and quality of the security, economic environment and credit spread. An increase/decrease of 50 basis points in the estimated IBR will not significantly decrease/increase the Group's right-of-use assets and lease liabilities.

3(a) ADOPTION OF NEW AND REVISED IFRS FOR THE CURRENT FINANCIAL YEAR

On 1 January 2021, the Group adopted all the new and revised International Financial Reporting Standards (the "**IFRSs**"), Interpretations of IFRS ("**INT IFRS**") and amendments to IFRSs that are effective and relevant to its operations. The adoption of these new/revived IFRSs and INT IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to IFRS 16	<i>COVID-19-Related Rent Concessions</i>	1 June 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(b) NEW AND REVISED IFRS STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group has not adopted the new and revised IFRSs, INT IFRSs and amendments to IFRSs that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised IFRSs pronouncements in future periods will not have a material impact on the Group's financial statements in the period of their initial applications.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to IFRS 2018–2020:		
– Amendments to IFRS 1	<i>Subsidiary as a First-time Adopter</i>	1 January 2022
– Amendments to IFRS 9	<i>Fees in the '10 per cent' Test for Derecognition of Financial Liabilities</i>	1 January 2022
– Amendments to IFRS 16	<i>Lease Incentives</i>	1 January 2022
– Amendments to IAS 41	<i>Taxation in Fair Value Measurements</i>	1 January 2022
– Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
IFRS 17	<i>Insurance Contracts</i>	1 January 2023
Various	<i>Amendment to IFRS 17</i>	1 January 2023
Amendments to IAS 1 and IFRS Practice statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to IAS 8	<i>Disclosure of Accounting Estimates</i>	1 January 2023
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and companies controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under control of the controlling entity.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Merger accounting for business combination involving entities under common control *(Continued)*

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the end of the previous reporting period or when they first came under common control.

Business combinations

Business combination is accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional 'concentration test' is met, and the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Business combinations *(Continued)*

At acquisition dates, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that have existed at the acquisition date.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Business combinations *(Continued)*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Leasehold building	Over the terms of lease of 3 to 12 years
Leasehold improvements	Shorter of 3 years or over the lease terms
Office equipment	3 years
Motor vehicles	5 years
Furniture and fittings	3 years
Computers	1 to 3 years

No depreciation is computed on assets under construction.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. All other repair and maintenance expenses are recognised in profit or loss when incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income statement.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Investment properties

Investment properties are held to earn rental.

Investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost over the shorter of remaining useful life or the terms of the relevant lease. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions 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 are derecognised when either they have been disposed of or when the investment property 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.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

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.

- **Financial assets**

Initial recognition and measurement

Financial assets are recognised when, only when the entity becomes party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("**OCI**"), it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

• *Financial assets (Continued)*

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated as fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised cost includes trade and other receivables and deposits.

Financial assets measured at fair value through other comprehensive income ("FVOCI") (debt instruments)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method which are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

The Group does not hold such financial assets.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

- **Financial assets** *(Continued)*

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (“FVOCI”) (equity instruments)

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument – by – instrument basis. Dividends from such investments are to be recognised in profit or loss when the Group’s right to receive payments is established.

Changes in fair value of financial assets at FVOCI recognised in OCI are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group does not hold such financial assets.

Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in finance income.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

- **Financial assets** *(Continued)*

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss *(Continued)*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investment which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and bank balances

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and cash at banks, which are subject to an insignificant risk of changes in value.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from customer. If customer pays consideration before the Group transfers good or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-derivative financial liabilities

Initial recognition and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs.

Subsequent measurement

They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on investments in debt instruments that are measured at amortised cost and contract assets. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses 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 and finance lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, 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. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses 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 twelve 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 as at the reporting date with the risk of a default occurring on the financial instrument as 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, namely real estate, industrial construction and engineering materials.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial 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:

- 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 (e.g. significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost);
- 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;
- 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; and 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 borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (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 it has an external (if any) or internal credit rating of "investment grade" as per globally understood definition.

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.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

(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 the receivables which 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.

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

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

(iv) Write-off policy

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

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses 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 for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss 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 finance lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the finance lease receivable in accordance with IFRS 16 *Leases*.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group, while loans to related parties are assessed for expected credit losses on an individual basis);
- past-due status;
- nature, size and industry of debtors;
- nature of collaterals for finance lease receivables; and
- external credit ratings where available.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of expected credit losses *(Continued)*

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

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.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are 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.

Share capital and premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. Any excess of the proceeds received over the par value of the shares is recorded in share premium.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as lessee *(Continued)*

Lease liability (Continued)

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as lessee *(Continued)*

Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold land and office premises	Over lease term of 3 to 12 years
Dormitory cum warehouse premises	Over lease term of 3 years
Plant and equipment	3 years
Motor vehicles	5 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position.

A right-of-use asset which meets the definition of an investment property is presented within "investment properties" in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term within "revenue" in profit or loss. Rental income from subleased property is recognised within "other income" in profit or loss.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the 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 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 on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date 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 realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income taxes *(Continued)*

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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Employee benefits

Short-term employee benefits

Short-term benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. 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.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("**CGU**") is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. As a result, some assets are tested individually for impairment and some are tested at CGU level.

An impairment loss is recognised for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

(i) Provision of manpower outsourcing and ancillary services

The Group provides manpower outsourcing and ancillary services such as transportation and accommodation for workers outsourced to its customers. Such services are recognised as performance obligations are satisfied over time.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(ii) Provision of dormitory services

The Group rents dormitory bed spaces and provides ancillary services to occupants of the bed spaces. Revenue from the provision of such services is recognised under IFRS 15 as performance obligations are satisfied over time. Payment for the services is due prior to the commencement of the service period and therefore a contract liability is recognised.

(iii) Provision of IT services

Revenue from the provision of IT maintenance services is recognised as performance obligations are satisfied over time. Payment for the services is due prior to the commencement of the service period and therefore a contract liability is recognised.

(iv) Provision of construction ancillary services

Revenue from the provision of construction ancillary services is recognised as performance obligations are satisfied over time.

(v) Sale of products

Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied.

(vi) Rental income

Rental income from sub-lease of right-of-use assets is recognised on a straight-line basis over the lease term.

Goods and services tax ("GST") and value-added tax ("VAT")

Output GST and VAT are excluded from revenue while input GST and VAT are excluded from operating expenses or the original cost of goods and fixed assets purchased and can be netted against the output GST and VAT, arriving at the net amount of GST and VAT recoverable or payable. As the GST and VAT obligations are borne by subsidiaries of the Company, input and output GST and VAT are set off at subsidiaries level which are not offset at the consolidation level. Such net amount of GST and VAT recoverable or payable is recorded in the line items of other receivables, deposits and prepayments and trade and other payables, respectively, on the face of consolidated statement of financial position.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Functional currency transactions and translation

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of nonmonetary items in respect of which gains and losses are recognised in other comprehensive income. For such nonmonetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

3(c) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group determines and presents operating segments based on information that is provided internally to the Executive Directors, who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's Executive Directors to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

4 REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration specified in contracts with customers for the provision of manpower outsourcing and ancillary services, dormitory services, IT services and construction ancillary services, solely derived in Singapore and sale of medical products in the Mainland China during the year.

Information is reported to Executive Directors, being the chief operating decision maker of the Group ("CODM"), for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group's accounting policies described in Note 3(c). The CODM reviews revenue by nature of services, comprising provision of manpower outsourcing and ancillary services to contractors of construction projects, provision of dormitory services, provision of IT services and provision of construction ancillary services and profit for the year as a whole, and nature of products related to sales of minimally invasive surgery solution products and the respective profit or loss for the year as a whole. No further detailed analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services and products, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the year is as follows:

	2021 S\$	2020 S\$
<i>Revenue recognised over time:</i>		
Services:		
Provision of manpower outsourcing and ancillary services	13,827,548	15,210,414
Provision of dormitory services	4,789,450	5,891,605
Provision of IT services	567,035	362,265
Provision of construction ancillary services	674,137	1,007,273
	19,858,170	22,471,557
<i>Revenue recognised at a point in time:</i>		
Products:		
Provision of minimally invasive surgery solution products	1,558,283	–
	21,416,453	22,471,557

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

4 REVENUE AND SEGMENT INFORMATION (Continued)

As permitted under IFRS 15, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period has not been disclosed as those performance obligations are part of customer contracts that have original expected duration of one year or less.

	Services		Products		Others*		Total	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Revenue-External	19,858,170	22,471,557	1,558,283	-	-	-	21,416,453	22,471,557
Interest expense:								
- Margin financing	-	-	-	-	19,776	32,547	19,776	32,547
- Lease liabilities	79,662	267,426	7,479	-	25,395	13,748	112,536	281,174
Gain on disposal of property, plant and equipment	298,161	139,252	-	-	-	-	298,161	139,252
Loss on disposal of right-of-use assets	(20,937)	-	-	-	-	-	(20,937)	-
Gain on disposal of financial assets at fair value through profit or loss	226,135	8,606	-	-	17,478	-	243,613	8,606
Gain on lease modification	34,278	-	-	-	-	-	34,278	-
Changes in fair value of financial assets at fair value through profit or loss	(1,049,084)	467,693	-	-	-	(23,048)	(1,049,084)	444,645
Impairment loss on trade and other receivables	(446,206)	(91,278)	-	-	-	-	(446,206)	(91,278)
(Impairment loss on)/ Reversal of impairment loss on property, plant and equipment	(14,195)	16,186	-	-	-	-	(14,195)	16,186
Reversal of impairment loss on right-of-use assets	-	19,019	-	-	-	-	-	19,019
Write-off of property, plant and equipment	(69,510)	-	-	-	-	-	(69,510)	-
Depreciation of property, plant and equipment	816,218	1,012,203	980	-	-	5,083	817,198	1,017,286
Depreciation of right-of-use assets	1,242,937	2,181,634	57,079	-	305,251	75,265	1,605,267	2,256,899
Depreciation of investment properties	2,943,125	2,985,911	-	-	-	-	2,943,125	2,985,911
(Loss)/Profit before tax	2,851,333	3,972,576	(754,015)	(1,180)	(2,125,505)	(2,545,671)	(28,187)	1,425,725
Tax expense	(434,284)	(162,646)	(1,176)	-	-	-	(435,460)	(162,646)
(Loss)/Profit for the year	2,417,049	3,809,930	(755,191)	(1,180)	(2,125,505)	(2,545,671)	(463,647)	1,263,079
Other information								
Segment assets	20,457,400	24,473,377	7,718,611	2,727,669	5,509,335	12,211,777	33,685,346	39,412,823
Segment liabilities	6,714,032	13,272,015	1,397,232	1,233	400,566	649,150	8,511,830	13,922,398

* Others relating to corporate office functions.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

4 REVENUE AND SEGMENT INFORMATION *(Continued)*

Major customers

There was no individual customer that contributed over 10% of total revenue of the Group during the financial years ended 31 December 2021 and 31 December 2020.

An analysis of the Group's revenue for the year by geographical areas is as follows:

	2021 S\$	2020 S\$
Revenue recognised from:		
Singapore	19,858,170	22,471,557
China	1,558,283	–
	21,416,453	22,471,557

An analysis of the Group's property, plant and equipment for the year by geographical areas is as follows:

	2021 S\$	2020 S\$
Property, plant and equipment located at:		
Singapore	463,742	1,429,207
China	581,199	–
	1,044,941	1,429,207

5 OTHER INCOME

	2021 S\$	2020 S\$
Government grant	1,358,331	2,725,492
Dividend income from investments		
in quoted equity investments	173,791	31,077
Interest income	2,423	25
Forfeiture of customer deposits	95,740	44,560
Work injury/workmen compensation claims	80,050	207,024
Sub-leasing income	168,477	124,185
Others	20,809	55,853
	1,899,621	3,188,216

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

5 OTHER INCOME (Continued)

Government grant include grants of \$993,934 (2020 – \$2,306,115) received from the Singapore government as part of its support and relief measures to help businesses help businesses cope with COVID-19.

6 OTHER (LOSSES)/GAINS

	2021 S\$	2020 S\$
Gain on disposal of property, plant and equipment	298,161	139,252
Loss on disposal of right-of-use assets	(20,937)	–
Gain on disposal of financial assets at fair value through profit or loss	243,613	8,606
Gain on lease modification	34,278	–
Changes in fair value of financial assets at fair value through profit or loss, net	(1,049,084)	444,645
Foreign exchange gain/(loss), net	183,550	(244,028)
(Impairment loss on)/Reversal of impairment loss on property, plant and equipment	(14,195)	16,186
Reversal of impairment loss on right-of-use assets	–	19,019
Tax and surcharges	(959)	
Write-off of property, plant and equipment	(69,510)	–
Write-back of payables	–	18,146
	(395,083)	401,826

7 FINANCE COSTS

	2021 S\$	2020 S\$
<i>Interest on:</i>		
– Margin financing	19,776	32,547
– Lease liabilities	112,536	281,174
	132,312	313,721

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

8 (LOSS)/PROFIT BEFORE TAXATION

The following items have been included in arriving at (loss)/profit before taxation:

	2021	2020
	S\$	S\$
Depreciation of property, plant and equipment (Note 13)	817,198	1,017,286
Depreciation of right-of-use assets (Note 14)	1,605,267	2,256,899
Less: rent concessions (Note a)	–	(385,927)
	1,605,267	1,870,972
Depreciation of investment properties (Note 15)	2,943,125	2,985,911
Less: rent concessions (Note a)	–	(969,000)
	2,943,125	2,016,911
Auditor's remuneration paid to:		
– auditor of the Company	185,000	175,000
– other auditors	85,350	23,680
Directors' remuneration (Note 10)	1,162,779	1,208,050
Salaries, wages and other benefits	9,489,143	12,588,767
Contributions to defined contribution plans	482,506	785,189
Foreign worker levy (Note b)	1,976,747	(1,133,136)
Employee benefits expense	11,948,396	12,240,820
Workers and other staff costs are charged as follows:		
– Cost of services	5,982,255	6,035,725
– Administrative expenses	5,966,141	6,205,095
Total workers and other staff costs	11,948,396	12,240,820
Gross rental income from investment properties	4,789,450	5,891,605
Less: Direct operating expenses incurred during the year for investment properties that		
– generated rental income	(3,029,713)	(3,231,907)
– did not generate rental income	(795,951)	–
	(3,825,664)	(3,231,907)
	963,786	2,659,698

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

8 (LOSS)/PROFIT BEFORE TAXATION *(Continued)*

Notes:

- (a) In 2020, rent concessions amounted to S\$385,927 and S\$969,000 are presented as reduction in depreciation expense of right-of use assets and investment properties, respectively.
- (b) To help ease labour costs, the Singapore government provided employers with monthly levy rebates and full waiver for levies due from April to September 2020, followed by 75% waiver for levies due in October 2020, 50% waiver for levies due in November 2020, and 25% waiver for levies due in December 2020. In 2021, the Singapore government provided levy rebate of S\$90 per Work Permit holder per month from January 2021 to April 2021, followed by S\$250 per Work Permit holder per month from May 2021 to December 2021. Levy rebates of S\$826,750 and S\$3,972,210 are deducted against levy expense in financial year ended 31 December 2021 and 2020 respectively.

9 INCOME TAX EXPENSE

	2021	2020
	S\$	S\$
Current taxation		
– Current year Singapore corporate income tax (“CIT”)	423,591	242,100
– Adjustments in respect of prior years	17,275	(524)
	440,866	241,576
Deferred taxation		
– Current year	(19,076)	(64,260)
– Adjustments in respect of prior years	13,670	(14,670)
	(5,406)	(78,930)
	435,460	162,646

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

9 INCOME TAX EXPENSE (Continued)

Income tax is calculated by applying the Singapore statutory tax rate at 17% (2020 – 17%) to (loss)/profit before income tax for the year.

	2021 S\$	2020 S\$
(Loss)/Profit before taxation	(28,187)	1,425,725
Tax at applicable tax rate of 17% (2020 – 17%)	(4,792)	242,373
Tax effect on non-deductible expenses (Note a)	683,110	244,370
Tax effect on non-taxable income (Note b)	(286,385)	(549,871)
Effect of tax concessions and partial tax exemption	(52,275)	(59,272)
Effect of tax losses not recognised as deferred tax assets	285,524	101,118
Effect of different tax rates of subsidiaries operating in other jurisdiction	(84,073)	339,126
Utilisation of previously unrecognised and unused tax losses	(136,594)	(139,794)
Adjustments in respect of prior years	30,945	(15,194)
Others	–	(210)
	435,460	162,646

Note:

- (a) Expenses not deductible for tax purposes relate mainly to tax loss of the Company not allowed for carry-forward and disallowable expenses incurred in the ordinary course of business.
- (b) Income not subject to tax relates mainly to government grant.

10 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

On 19 July 2019, Mr. Chen Guobao and Mr. Wang Zhenfei were appointed as executive directors of the Company; Mr. Yan Jianjun and Mr. Fan Yimin were appointed as independent non-executive directors of the Company; and Mr. Yang Fu Kang, Mr. Li Yunping, Mr. Wang Huasheng, and Mr. Jiang Jianguyu were appointed as non-executive directors of the Company.

On 6 August 2021, Mr Jiang Jianguyu resigned as non-executive director of the Company.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

10 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(Continued)

Directors' and chief executive's emoluments (Continued)

Mr. Chai Chi Man who was appointed as independent non-executive director of the Company on 1 July 2020, resigned from the Board on 31 January 2022.

The emoluments paid or payable to the directors and chief executive of the Company by entities comprising the Group during the year are as follows:

Year ended 31 December 2021

	Fees	Salary and allowances	Retirement benefit scheme contributions (Note b)	Total
	S\$	S\$	S\$	S\$
Executive Directors (Note c)				
Mr. Chen Guobao (Note a)	-	622,260	3,111	625,371
Mr. Wang Zhenfei (Note a)	-	352,614	3,112	355,726
Independent Non-Executive Directors (Note d)				
Mr. Yan Jianjun	20,742	-	-	20,742
Mr. Fan Yimin	20,742	-	-	20,742
Mr. Chai Chi Man	20,742	-	-	20,742
Non-Executive Director (Note e)				
Mr. Yang Fu Kang	33,187	-	-	33,187
Mr. Li Yunping	33,187	-	-	33,187
Mr. Wang Huasheng	33,187	-	-	33,187
Mr. Jiang Jiangyu	19,895	-	-	19,895
	181,682	974,874	6,223	1,162,779

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

10 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(Continued)

Directors' and chief executive's emoluments (Continued)

Year ended 31 December 2020

	Fees	Salary and allowances	Retirement benefit scheme contributions (Note b)	Total
	S\$	S\$	S\$	S\$
Executive Directors (Note c)				
Mr. Chen Guobao (Note a)	–	639,180	3,196	642,376
Mr. Wang Zhenfei (Note a)	–	362,202	3,196	365,398
Independent Non-Executive Directors (Note d)				
Mr. Yan Jianjun	21,305	–	–	21,305
Mr. Fan Yimin	21,305	–	–	21,305
Mr. Chai Chi Man	10,653	–	–	10,653
Mr. Lau Kwok Fai Patrick	10,653	–	–	10,653
Non-Executive Director (Note e)				
Mr. Yang Fu Kang	34,090	–	–	34,090
Mr. Li Yunping	34,090	–	–	34,090
Mr. Wang Huasheng	34,090	–	–	34,090
Mr. Jiang Jiangyu	34,090	–	–	34,090
	200,276	1,001,382	6,392	1,208,050

Note:

- (a) Mr. Chen Guobao and Mr. Wang Zhenfei act as the Chairman and Chief Executive Officer of the Company, respectively, with effect from 19 July 2019.
- (b) No other retirement benefits were paid to directors in respect of their respective services in connection with the management of the affairs of the Company or its subsidiaries undertaking.
- (c) The executive directors' emoluments shown above were for their services in connection with the operations and management affairs of the Group.
- (d) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.
- (e) The non-executive directors' emoluments shown above were for their services as directors of the Company.
- (f) None of the directors has waived any remuneration in 2020 and 2021.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

10 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(Continued)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 2 (2020 – 2) were directors of the Company during the year ended 31 December 2021 whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2020 – 3) individuals were as follows:

	Year ended 31 December	
	2021	2020
	S\$	S\$
Director fee	200,000	–
Salaries and allowances	1,908,624	1,681,090
Discretionary bonus	38,561	46,715
Contributions to retirement benefits scheme	116,531	142,251
	2,263,716	1,870,056

Their emoluments were within the following bands presented in Hong Kong Dollars (“HK\$”):

	Number of individuals	
	2021	2020
Emolument bands		
Nil to HK\$1,000,000 (Note)	–	–
HK\$1,000,001 to HK\$2,000,000	1	2
HK\$2,000,001 to HK\$3,000,000	1	–
HK\$7,000,001 to HK\$8,000,000	–	1
HK\$8,000,001 to HK\$9,000,000	1	–
	3	3

Note:

During both reporting periods, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

10 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(Continued)

Employees' emoluments (Continued)

The remuneration of directors and other members of key management during the year were as follows:

	2021 S\$	2020 S\$
Short-term benefits	1,156,556	1,201,658
Post-employment benefits	6,223	6,392
	1,162,779	1,208,050

The remuneration packages of directors and other members of key management were reviewed and approved by the Remuneration Committee.

11 DIVIDEND

No dividend was paid or declared by the Company for the years ended 31 December 2021 and 2020.

12 (LOSS)/EARNINGS PER SHARE

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

	2021	2020
(Loss)/Profit for the year attributable to owners of the Company (S\$)	(212,022)	1,263,079
Weighted average number of ordinary shares in issue	1,230,000,000	1,230,000,000
Basic and diluted (loss)/earnings per share (S\$ cents)	(0.02)	0.10

Diluted (loss)/earnings per share is the same as the basic earnings per share because the Group had no dilutive potential ordinary shares in issue for the years ended 31 December 2021 and 2020.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold building S\$	Leasehold improvements S\$	Office equipment S\$	Motor vehicles S\$	Furniture and fittings S\$	Computers S\$	Assets under construction S\$	Total S\$
Cost								
At 1 January 2020	4,165,085	2,296,780	92,091	2,237,827	254,400	435,538	-	9,481,721
Additions	-	-	-	134,523	1,600	1,380	-	137,503
Disposals	-	-	(39,500)	(678,284)	-	-	-	(717,784)
At 31 December 2020	4,165,085	2,296,780	52,591	1,694,066	256,000	436,918	-	8,901,440
Additions	-	24,901	5,303	326,598	-	-	250,277	607,079
Disposals	-	-	(7,200)	(667,392)	-	-	-	(674,592)
Write-off	-	(618,709)	-	-	-	-	-	(618,709)
At 31 December 2021	4,165,085	1,702,972	50,694	1,353,272	256,000	436,918	250,277	8,215,218
Accumulated depreciation								
At 1 January 2020	3,139,711	1,896,305	81,491	1,416,621	154,748	285,334	-	6,974,210
Depreciation for the year	342,041	169,925	5,114	391,399	46,214	62,593	-	1,017,286
Disposals	-	-	(39,500)	(511,144)	-	-	-	(550,644)
At 31 December 2020	3,481,752	2,066,230	47,105	1,296,876	200,962	347,927	-	7,440,852
Depreciation for the year	341,667	156,251	4,910	215,846	45,130	53,394	-	817,198
Disposals	-	-	(6,000)	(578,150)	-	-	-	(584,150)
Write-off	-	(519,509)	-	-	-	-	-	(519,509)
At 31 December 2021	3,823,419	1,702,972	46,015	934,572	246,092	401,321	-	7,154,391
Accumulated impairment								
At 1 January 2020	-	29,690	-	-	1,947	15,930	-	47,567
Reversal of impairment loss	-	-	-	-	(256)	(15,930)	-	(16,186)
At 31 December 2020	-	29,690	-	-	1,691	-	-	31,381
(Reversal)/impairment loss	-	-	-	-	(1,691)	15,886	-	14,195
Write-off	-	(29,690)	-	-	-	-	-	(29,690)
At 31 December 2021	-	-	-	-	-	15,886	-	15,886
Carrying amount								
At 31 December 2021	341,666	-	4,679	418,700	9,908	19,711	250,277	1,044,941
At 31 December 2020	683,333	200,860	5,486	397,190	53,347	88,991	-	1,429,207

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Impairment testing

The Group carried out a review of the recoverable amount of its property, plant and equipment. The recoverable amount was determined based on fair value less costs to sell which was higher than value-in-use.

The valuation of plant and equipment (Level 3 fair value hierarchy) was based on a combination of the market approach and cost approach. The market approach considers prices recently paid for similar assets with adjustments made to the indicated market prices to reflect condition and utility of the subject assets relative to the market comparative. The cost approach is based on the cost to reproduce or replace under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic).

The valuation of leasehold building and related leasehold land (Level 3 fair value hierarchy) was based on the comparison approach, which involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the subject properties.

As a result of the review, an impairment loss of S\$14,195 (2020 – impairment loss reversed of S\$16,186) was recognised in profit or loss, and included in the line item “Other (losses)/gains”.

If the recoverable amount decreased by 3% from management’s estimates, it is not likely to materially affect the carrying amount.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

14 RIGHT-OF-USE ASSETS

	Leasehold land and office premises S\$	Dormitory cum warehouse premises S\$	Plant and equipment S\$	Motor vehicles S\$	Total S\$
Cost					
At 1 January 2020	843,729	5,182,914	51,803	681,102	6,759,548
Additions	602,118	–	–	–	602,118
At 31 December 2020	1,445,847	5,182,914	51,803	681,102	7,361,666
Currency translation difference	9,056	–	–	–	9,056
Additions	232,483	–	–	–	232,483
Disposal	–	–	–	(227,500)	(227,500)
Lease modification	–	(628,204)	–	–	(628,204)
Expiry of lease	–	(4,554,710)	–	–	(4,554,710)
At 31 December 2021	1,687,386	–	51,803	453,602	2,192,791
Accumulated depreciation					
At 1 January 2020	210,932	1,829,263	40,933	165,188	2,246,316
Depreciation for the year	286,197	1,829,265	5,217	136,220	2,256,899
At 31 December 2020	497,129	3,658,528	46,150	301,408	4,503,215
Currency translation difference	2,509	–	–	–	2,509
Depreciation for the year	573,263	896,182	5,218	130,604	1,605,267
Disposal	–	–	–	(148,550)	(148,550)
Expiry of lease	–	(4,554,710)	–	–	(4,554,710)
At 31 December 2021	1,072,901	–	51,368	283,462	1,407,731
Accumulated impairment					
At 1 January 2020	–	–	–	19,019	19,019
Reversal of impairment loss	–	–	–	(19,019)	(19,019)
At 31 December 2020 and 2021	–	–	–	–	–
Carrying amount					
At 31 December 2021	614,485	–	435	170,140	785,060
At 31 December 2020	948,718	1,524,386	5,653	379,694	2,858,451

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

14 RIGHT-OF-USE ASSETS *(Continued)*

Details of the Group's significant right-of-use assets as at 31 December 2021 are as follows:

Property location	Description	Gross floor/ land area	Tenure
31 Sungei Kadut Avenue, Singapore 729660	Leasehold land	8,361 sqm	12-year lease commenced 1 January 2011
Unit 2503-2504, Cosco Tower 183 Queen's Road Central Sheung Wan, Hong Kong	Office premises	248 sqm	2-year lease commenced 2 October 2020

Information about the Group's leasing activities are disclosed in Note 26.

During the financial year ended 31 December 2021, the Group prematurely terminated its lease of dormitory cum warehouse premises. The reversal of right-of-use assets and liabilities was S\$628,204 and S\$662,482, respectively, with a resultant gain on lease modification of \$34,278 (Note 6).

Impairment testing

In 2020, the Group reassessed the recoverable amount of the cash-generating units and reversed the initially recognised impairment loss.

If the recoverable amount decreased by 3% from management's estimates, it is not likely to materially affect the carrying amount.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

15 INVESTMENT PROPERTIES

	Leasehold land S\$	Building S\$	Total S\$
Cost			
At 1 January 2020 and 31 December 2020	8,288,284	2,990,575	11,278,859
Additions	1,513,032	–	1,513,032
Expiry of lease	(8,288,284)	–	(8,288,284)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	1,513,032	2,990,575	4,503,607
Accumulated depreciation			
At 1 January 2020	2,925,277	2,928,715	5,853,992
Depreciation for the year	2,925,276	60,635	2,985,911
	<hr/>	<hr/>	<hr/>
At 31 December 2020	5,850,553	2,989,350	8,839,903
Depreciation for the year	2,942,075	1,050	2,943,125
Expiry of lease	(8,288,284)	–	(8,288,284)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	504,344	2,990,400	3,494,744
Carrying amount			
At 31 December 2021	1,008,688	175	1,008,863
	<hr/>	<hr/>	<hr/>
At 31 December 2020	2,437,731	1,225	2,438,956
	<hr/>	<hr/>	<hr/>

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

Property location	Description/existing use	Gross floor/land area	Tenure
State Land Lot 6275 PT MK13, Woodlands Lodge One, Singapore 757388	Right-of-use of land parcel for constructing and holding two 3-storey dormitory blocks	10,000 sqm	6-month leasehold tenure commenced 1 November 2021
Woodlands Industrial Park E4 on State Land Lot 6275 PT MK13, Woodlands Lodge One, Singapore 757388	Two 3-storey dormitory blocks and a single storey amenity/administration block	10,950 sqm (including commercial gross floor area of 150 sqm)	3-year leasehold tenure commenced 1 November 2018

The Group's property, erected on a leasehold land under operating lease, is held to earn rental.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

15 INVESTMENT PROPERTIES *(Continued)*

Information about the fair value hierarchy as at end of the reporting period are as follows:

	Fair value Level 3
	S\$
As at 31 December 2020	4,537,731
As at 31 December 2021	1,308,863

There was no transfer into or out of Level 3 during the years ended 31 December 2021 and 2020.

The fair value of the investment properties was based on the valuation determined by an independent firm of professional valuers who has appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued.

The fair value is based on the income method which capitalises the net rent of the properties at a suitable rate of return. In estimating the fair value of the property, the highest and best use of the property is its current use.

The Group leases out dormitory bed spaces located at its investment properties under operating leases. The duration of each contract typically ranges from six months to one year.

The Group's revenue from rental income derived from the investment properties is disclosed in Note 8.

At the reporting date, the Group does not have rental receivable under non-cancellable operating leases in relation to its provision of dormitory bed spaces.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

16 DEFERRED TAXATION

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	2021	2020
	S\$	S\$
Deferred tax assets	189,386	206,100
Deferred tax liabilities	(25,050)	(47,170)
	164,336	158,930

Deferred tax assets and deferred tax liabilities are expected to be recovered/settled more than twelve months after the reporting date.

The following are the major deferred tax assets and (liabilities) recognised by the Group and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation	Unutilised tax losses	Right-of-use asset	Total
	S\$	S\$	S\$	S\$
At 1 January 2020	(155,200)	191,000	44,200	80,000
Credited/(Charged) to profit or loss during the year (Note 9)	89,460	(23,000)	(2,200)	64,260
Adjustments in respect of prior years (Note 9)	66,370	(51,700)	–	14,670
At 31 December 2020	630	116,300	42,000	158,930
Credited/(Charged) to profit or loss during the year (Note 9)	54,176	1,800	(36,900)	19,076
Adjustments in respect of prior years (Note 9)	(13,470)	(200)	–	(13,670)
At 31 December 2021	41,336	117,900	5,100	164,336

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of approximately S\$3,254,000 (2020 – S\$2,798,000) that are available for offset against future profits. The unutilised tax losses of S\$844,000 (2020 – S\$ nil) related to subsidiaries in China expire in 2027. A deferred tax asset has not been recognised in respect of these unutilised tax due to the unpredictability of future profit streams.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

17 TRADE RECEIVABLES

	2021 S\$	2020 S\$
Trade receivables	2,531,865	3,773,120
Less: Impairment loss	(1,067,049)	(1,491,428)
	1,464,816	2,281,692

The credit terms to customers range from 3 to 30 (2020 – 3 to 30) days from the invoice date for trade receivables.

The following is an analysis of trade receivables net of impairment loss allowance presented based on due date at the end of each reporting period:

	2021 S\$	2020 S\$
Not due	862,358	927,125
1 day to 30 days	501,491	1,237,789
31 days to 60 days	100,934	53,705
61 days to 90 days	46	10,624
91 days to 180 days	179	25,859
181 days to 365 days	(533)	21,224
Over 365 days	341	5,366
	1,464,816	2,281,692

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

Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

17 TRADE RECEIVABLES (Continued)

A summary of the Group's exposures to credit risk for trade receivables is as follows:

	Past due							Total S\$
	Current S\$	< 30 days S\$	31 - 60 days S\$	61 - 90 days S\$	91 - 180 days S\$	181 - 365 days S\$	> 365 days S\$	
2021								
Expected credit loss rate (%)	0.2%	0.6%	61.1%	99.9%	99.9%	0%	99.9%	
Estimated total gross carrying amount at default (S\$)	864,464	504,393	259,390	119,781	143,483	(533)	640,887	2,531,865
Lifetime ECL (S\$)	(2,106)	(2,902)	(158,456)	(119,735)	(143,303)	-	(640,547)	(1,067,049)
2020								
Expected credit loss rate (%)	0.7%	0.7%	6.4%	13.8%	10.4%	41.7%	99.6%	
Estimated total gross carrying amount at default (S\$)	934,096	1,246,086	57,366	12,327	28,856	36,374	1,458,015	3,773,120
Lifetime ECL (S\$)	(6,971)	(8,297)	(3,661)	(1,703)	(2,997)	(15,150)	(1,452,649)	(1,491,428)

The movements in the allowance for impairment in respect of trade receivables during the year was as follows:

	Lifetime ECL (not credit- impaired) S\$	Lifetime ECL (credit- impaired) S\$	Total S\$
At 1 January 2020	65,586	2,165,019	2,230,605
Transfer to credit-impaired	(65,586)	65,586	-
Amount written off	-	(814,613)	(814,613)
Impairment loss recognised, net of those derecognised due to settlement	20,632	54,804	75,436
At 31 December 2020	20,632	1,470,796	1,491,428
Transfer to credit-impaired	(20,632)	20,632	-
Amount written off	-	(823,348)	(823,348)
Impairment loss recognised, net of those derecognised due to settlement	283,199	115,770	398,969
At 31 December 2021	283,199	783,850	1,067,049

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 S\$	2020 S\$
Non-current		
Staff loan	33,181	33,181
Current		
Amount due from a related party (Note a)	17,383	15,842
Less: Impairment loss	(17,383)	(15,842)
Advances to related parties of a director of subsidiaries (Note b)	45,695	45,695
Less: Impairment loss	(45,695)	–
	–	45,695
Other receivable (Note c)	1,620,775	1,642,012
Grant receivable	74,250	1,305,655
Deposits	920,604	215,276
GST and VAT recoverable	783,590	748,216
Prepayments	147,569	148,014
Advances to suppliers	1,074,181	8,054
Advances to staff	215,573	–
Advances to a director of subsidiaries	–	279,222
Staff loan	29,600	33,400
	4,866,142	4,425,544

Note:

- (a) Related party is an entity owned by a director of subsidiaries. The amount is non-trade, unsecured, interest-free and repayable on demand.
- (b) Advances to a related party of a director of subsidiaries, who is the spouse of the director of subsidiaries and a former employee of the Group, are interest free and repayable on demand.
- (c) Other receivable relates to account placed with a brokerage firm in Hong Kong for purpose of investment in listed securities.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

The movements in the allowance for impairment in respect of other receivables and deposits during the year was as follows:

	Lifetime ECL (credit- impaired) S\$
At 1 January 2020	–
Impairment loss recognised	15,842
At 31 December 2020	15,842
Impairment loss recognised	47,236
At 31 December 2021	63,078

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 S\$	2020 S\$
Quoted equity shares	8,735,795	7,137,155

Investments in quoted equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

The fair values are classified within Level 1 (2020 – Level 1) of the fair value hierarchy.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

20 INVENTORIES

	2021 S\$	2020 S\$
Raw materials	439,944	–
Work-in-progress	–	–
Finished goods	413,338	–
Low value consumables	20,355	–
	873,637	–
Cost of inventories recognised as an expense and included in cost of sales	1,401,174	–
Write-down of inventories to net realisable value	–	–

Inventories are expected to be recovered within twelve months after the reporting period.

21 CASH AND BANK BALANCES

	2021 S\$	2020 S\$
Cash at banks	14,636,057	18,601,237
Cash on hand	1,300	1,300
Cash and cash equivalents in the consolidated statement of cash flows	14,637,357	18,602,537

22 SHARE CAPITAL

	Number of shares	Par value HK\$	Share capital HK\$
2021 and 2020			
<i>Authorised:</i>			
At beginning and at end of year	2,000,000,000	0.01	20,000,000

Notes to the consolidated financial statements

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22 SHARE CAPITAL *(Continued)*

	Number of shares	Share capital S\$
2021 and 2020		
<i>Issued and fully paid ordinary shares:</i>		
At beginning and at end of year	1,230,000,000	2,142,414

23 SHARE PREMIUM

Share premium represents the excess of consideration for the shares issued over the aggregate par value.

24 TRADE AND OTHER PAYABLES

	2021 S\$	2020 S\$
Trade payables	263,732	1,258,891
Accrued operating expenses	2,471,598	3,257,594
Other payables	241,479	236,401
GST and VAT payable	826,009	977,525
Customer deposits received	1,183,971	1,044,826
Deferred grant income	-	775,999
	4,986,789	7,551,236

The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2021 S\$	2020 S\$
Within 30 days	153,367	567,838
31 days to 90 days	22,192	160,399
Over 90 days	88,173	530,654
	263,732	1,258,891

The credit period on purchases from suppliers ranges from 7 to 60 days (2020 – 7 to 60 days) or payable upon delivery.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

25 CONTRACT LIABILITIES

	2021	2020
	S\$	S\$
Contract liabilities	1,199,112	466,696

A contract liability is recognised for customers' payments for the Group's provision of dormitory and IT services and sales of minimally invasive surgery solution products which the Group has billed prior to commencement of the service and delivery of the product to the customer.

Revenue recognised during the financial year ended 31 December 2021 included an amount of S\$466,696 (2020 – S\$610,264) recorded in contract liabilities at the beginning of the financial year, for which the underlying services were rendered during the current financial year ended 31 December 2021.

26 LEASE LIABILITIES

	2021	2020
	S\$	S\$
Maturity analysis		
– Year 1	1,645,128	4,886,128
– Year 2	170,674	598,288
– Year 3	71,745	86,036
– Year 4	37,430	58,458
– Year 5	–	37,430
	1,924,977	5,666,340
Less: Unearned interest cost	(56,552)	(162,614)
	1,868,425	5,503,726
Analysed as:		
– Non-current	254,012	708,701
– Current	1,614,413	4,795,025
	1,868,425	5,503,726

Total cash outflows for all leases in the year amount to S\$4,789,607 (2020 – S\$4,115,260).

Interest expense on lease liabilities of S\$112,536 (2020 – S\$281,174) is recognised within "finance costs" in profit or loss.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

26 LEASE LIABILITIES *(Continued)*

Rental expenses not capitalised in lease liabilities but recognised within “operating expenses” in profit or loss are set out below:

	2021	2020
	S\$	S\$
Short-term leases	–	264,001
Leases of low-value asset	19,200	36,700

As at 31 December 2021 and 2020, the Group’s short-term lease commitments are not substantially dissimilar to those giving rise to the Group’s short-term lease expense for the year.

Leases liabilities of S\$214,697 (2020 – S\$364,960) are secured by the lessor’s charge over the leased assets (Note 14).

Further information about the financial risk management are disclosed in Note 30.

The Group as lessee

(a) Properties

The Group makes monthly lease payments for the use of a land parcel on which its investment properties are erected. This leasehold land, which has been recognised as a right-of-use asset, is classified as an investment property given it is held solely for the purposes of holding the related investment property building (Note 15).

The Group also leases a dormitory cum warehouse premises for operation and storage purposes and an office premises (Note 14). These leases run for an initial period of 3 and 2 years respectively.

There are no externally imposed covenants on these property lease arrangements.

(b) Plant and equipment and motor vehicles

The Group makes monthly lease payments for the right to use printers. The Group has acquired motor vehicles under hire purchase arrangements to render logistics support. These plant and equipment and motor vehicles are recognised as the Group’s right-of-use assets (Note 14). The hire purchase agreements for motor vehicles prohibit the Group from subleasing them to third parties.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

26 LEASE LIABILITIES (Continued)

The Group as lessee (Continued)

(c) Future cash outflows not capitalised in lease liabilities – Extension options

Certain leases provide for optional extension periods, for which the related lease payments have not been included in lease liabilities because the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The undiscounted potential future cash outflows for the lease payments during the extension period amount to approximately S\$ Nil (2020 – S\$6.2 million).

The Group as intermediate lessor of sublease

The Group acted as an intermediate lessor under arrangements whereby it subleased out a portion of its warehouse space to a third party for monthly lease payments. The sublease was classified as an operating lease by reference to the right-of-use asset arising from the head lease. The Group's lease with the lessor and the sublease was terminated during the current financial year ended 31 December 2021.

As at 31 December 2020, undiscounted lease payments from the sublease of the warehouse space to be received after the reporting date are as follows:

	2021 S\$	2020 S\$
Not later than one year	–	345,600
Later than one year but not later than five years	–	144,000
	–	489,600

27 RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund (“CPF”) Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For each of the financial periods ended 31 December 2021 and 2020, the Group contributes up to 17% of monthly salary capped at S\$102,000 per annum per employee.

The Group also operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

27 RETIREMENT BENEFIT PLAN *(Continued)*

The total costs charged to profit or loss, amounting to S\$439,887 and S\$791,581 for the years ended 31 December 2021 and 2020 respectively, represent contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2021 and 2020, contributions of S\$116,270 and S\$173,049 due but yet been paid was included within accrued operating expenses (Note 24). The amounts were paid subsequent to the end of the respective financial years.

28 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ operation and date of incorporation	Issued and fully paid capital	Equity interest attributable to the Company		Principal activities	Notes
			2021	2020		
<i>Directly held:</i>						
Real Value Global Limited	British Virgin Islands, 24 November 2016	US\$10	100%	100%	Investment holding	(a)
Hong Kong Jinhai Enterprise Development Company Limited	Hong Kong, 26 August 2019	HK\$1	100%	100%	Investment holding	(c)
<i>Indirectly held:</i>						
Harbour Gold Investments Limited	British Virgin Islands, 28 November 2016	US\$1	100%	100%	Investment holding	(a)
Leading Elite Global Limited	British Virgin Islands, 28 November 2016	US\$1	100%	100%	Investment holding	(a)
Priceless Developments Limited	British Virgin Islands, 13 October 2016	US\$1	100%	100%	Investment holding	(a)
Promising Elite Investments Limited	British Virgin Islands, 21 September 2016	US\$1	100%	100%	Investment holding	(a)
Tenshi Resources International Pte. Ltd.	Singapore, 14 January 2005	S\$50,000	100%	100%	Provision of manpower services	(b), (e)
Accenovate Engineering Pte. Ltd.	Singapore, 10 May 2006	S\$100,000	100%	100%	Provision of manpower services	(b), (e)
Keito Engineering & Construction Pte. Ltd.	Singapore, 10 August 2005	S\$500,000	100%	100%	Provision of manpower services	(b), (e)
KT&T Engineers and Constructors Pte. Ltd.	Singapore, 22 September 2005	S\$150,000	100%	100%	Provision of manpower services	(b), (e)
KT&T Resources Pte. Ltd.	Singapore, 1 September 2006	S\$50,000	100%	100%	Provision of manpower services	(b), (e)

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

28 PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Country of incorporation/ operation and date of incorporation	Issued and fully paid capital	Equity interest attributable to the Company		Principal activities	Notes
			2021	2020		
Nichefield Pte. Ltd.	Singapore, 31 January 2007	S\$150,000	100%	100%	Provision of dormitory services	(b), (e)
Kanon Global Pte. Ltd.	Singapore, 8 October 2013	S\$50,000	100%	100%	Provision of dormitory services	(b)
Accenovate Consulting (Asia) Pte. Ltd.	Singapore, 16 May 2006	S\$200,000	100%	100%	Provision of IT services and construction ancillary services	(b), (e)
KT&T Global Pte. Ltd.	Singapore, 16 April 2009	S\$200,000	100%	100%	Provision of construction ancillary services	(b), (e)
Simplex FM Services Pte Ltd.	Singapore, 1 August 2017	S\$50,000	100%	100%	Provision of manpower services	(b)
Jinhai Technology Development (Shanghai) Company Limited	The People's Republic of China, 13 November 2019	RMB3,000,000	100%	100%	Investment holding	(d)
Jinhai Technology Development (Ningbo) Company Limited	The People's Republic of China, 14 February 2020	HK\$40,000,000	100%	100%	Investment holding	(d)
Shanghai Jinhai Human Resources Company Limited	The People's Republic of China, 10 June 2021	RMB100,000	100%	–	Dormant	(d), (f)
Shanghai Jinhai Xiehuan Medical Technology Company Limited	The People's Republic of China, 18 June 2021	RMB2,250,000	55%	–	Provision of minimally invasive surgery solution products	(d), (f)
Shanghai Jinhai Medical Technology Company Limited	The People's Republic of China, 14 January 2021	RMB10,000,000	57%	–	Provision of minimally invasive surgery solution products	(d), (f)

All subsidiaries comprising the Group are limited liability companies and have adopted 31 December as their financial year end date.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

28 PARTICULARS OF SUBSIDIARIES *(Continued)*

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

Notes:

- (a) Audited by Foo Kon Tan LLP for consolidation purposes.
- (b) Audited by Foo Kon Tan LLP, Singapore certified public accountants registered in Singapore.
- (c) Audited by HLB Hodgson Impey Cheng Limited, a member firm of HLB International.
- (d) Audited by HLB Shanghai ThinkBridge Certified Public Accountants, a member firm of HLB International.
- (e) Principal operating subsidiaries of the Group during the years ended 31 December 2021 and 2020.
- (f) The subsidiaries were incorporated during the financial year ended 31 December 2021.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

29 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position and reserves of the Company at the end of the reporting period is as follows:

	2021 S\$	2020 S\$
ASSETS AND LIABILITIES		
Non-current assets		
Plant and equipment	–	–
Investment in subsidiaries	14	14
	14	14
Current assets		
Other receivables and prepayments	16,042	62,199
Amount due from a subsidiary	5,139,368	11,447,584
Bank balances	22,839	22,552
	5,178,249	11,532,335
Current liabilities		
Other payables	172,732	130,209
Amounts due to a subsidiary	5,846,844	5,801,396
	6,019,576	5,931,605
Net current (liabilities)/assets	(841,327)	5,600,730
Total assets less current liabilities, representing net (liabilities)/assets	(841,313)	5,600,744
EQUITY		
Capital and reserves		
Share capital	2,142,414	2,142,414
Share premium	14,958,400	14,958,400
Reserves	(17,942,127)	(11,500,070)
Equity attributable to owners of the Company	(841,313)	5,600,744

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

29 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

	Share capital S\$	Share premium S\$	Accumulated losses S\$	Total S\$
At 1 January 2020	2,142,414	14,958,400	(6,149,192)	10,951,622
Loss representing total comprehensive loss for the year	–	–	(5,350,878)	(5,350,878)
At 31 December 2020	2,142,414	14,958,400	(11,500,070)	5,600,744
Loss representing total comprehensive loss for the year	–	–	(6,442,057)	(6,442,057)
At 31 December 2021	2,142,414	14,958,400	(17,942,127)	(841,313)

30 FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade receivables, other receivables and deposits, financial assets at fair value through profit or loss, cash and bank balances, trade and other payables, and lease liabilities. The risks associated with these financial instruments include credit risk, liquidity risk and market risks (interest rate risk, currency risk and equity price risk). Details of these financial instruments are disclosed in respective notes and the policies on how the Group mitigates these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

30 FINANCIAL RISK MANAGEMENT *(Continued)*

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

	2021	2020
	S\$	S\$
Financial assets		
<i>At amortised cost</i>		
– Trade receivables	1,464,816	2,281,692
– Other receivables and deposits*	2,819,733	2,248,786
– Cash and bank balances	14,637,357	18,602,537
	18,921,906	23,133,015
<i>At fair value through profit or loss</i>		
– Equity instruments	8,735,795	7,137,155
	27,657,701	30,270,170
<i>Financial liabilities</i>		
<i>Amortised cost</i>		
– Trade and other payables**	4,160,780	5,797,712
– Lease liabilities	1,868,425	5,503,726
	6,029,205	11,301,438

* Prepayments, grant receivable, GST and VAT recoverable and advances to suppliers are excluded.

** GST and VAT payable and deferred grant income are excluded.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.

As at 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

30 FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk *(Continued)*

All of the Group's trade receivables are originated from its business operations in Singapore, except for S\$5,409 from its business operations in the People's Republic of China.

The Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

At the reporting date, the Group reviews the recoverable amount of debtors to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Approximately 30% (2020 – 26%) of total trade receivables outstanding at 31 December 2021 were due from top 5 customers.

Cash is placed with reputable banks.

The Group's internal credit risk categorisation is as follows:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

30 FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk *(Continued)*

Exposure to credit risk

A summary of the Group's exposures to credit risk for trade and other receivables is as follows:

	Internal credit risk categorisation	12-month/ Lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
31 December 2021					
Trade receivables (Note 17)	(1)	Lifetime ECL	2,531,865	(1,067,049)	1,464,816
Other receivables and deposits (Note 18)*	Performing	12-month ECL	2,819,733	-	2,819,733
Other receivables (Note 18)	In default	Lifetime ECL	63,078	(63,078)	-
31 December 2020					
Trade receivables (Note 17)	(1)	Lifetime ECL	3,773,120	(1,491,428)	2,281,692
Other receivables and deposits (Note 18)*	Performing	12-month ECL	2,248,786	-	2,248,786
Other receivables (Note 18)	In default	Lifetime ECL	15,842	(15,842)	-

* Prepayments, grant receivable, GST and VAT recoverable and advances to suppliers are excluded.

(1) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract asset by reference to historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances which is not material to the financial statements, and hence no sensitivity analysis is prepared.

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

30 FINANCIAL RISK MANAGEMENT *(Continued)*

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group entities conduct transactions in their respective functional currencies, and hence are not exposed to significant currency risk.

Equity price risk

The Group is exposed to equity risks arising from equity instruments measured at FVTPL. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.

If equity prices had been 8% higher/lower, the Group's profit before tax (2020 – profit before tax) for the year ended 31 December 2021 would decrease/increase by approximately S\$699,000 (2020 – S\$571,000).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. As at 31 December 2021, the Group had unutilised banking facilities of S\$527,639 available for cash drawdown (2020 – S\$527,639).

Notes to the consolidated financial statements

for the financial year ended 31 December 2021

30 FINANCIAL RISK MANAGEMENT *(Continued)*

Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates) of these liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

	Carrying amount S\$	Contractual undiscounted cash flows			
		Total S\$	Within one year S\$	Within 2 to 5 years S\$	After 5 years S\$
As at 31 December 2021					
<i>Non-interest bearing</i>					
Trade and other payables*	4,160,780	4,160,780	4,160,780	-	-
<i>Interest bearing</i>					
Lease liabilities	1,868,425	1,924,977	1,645,128	279,849	-
	6,029,205	6,085,757	5,805,908	279,849	-
As at 31 December 2020					
<i>Non-interest bearing</i>					
Trade and other payables*	5,797,712	5,797,712	5,797,712	-	-
<i>Interest bearing</i>					
Lease liabilities	5,503,726	5,666,340	4,886,128	780,212	-
	11,301,438	11,464,052	10,683,840	780,212	-

* GST and VAT payable and deferred grant income are excluded.

Notes to the consolidated financial statements

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31 FAIR VALUE MEASUREMENT

Definition of fair value

IFRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and

Level 3 : inputs for the asset or liability that are not based on observable market data.

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis:

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
31 December 2021				
<i>Financial assets</i>				
Quoted equity shares	8,735,795	–	–	8,735,795
31 December 2020				
<i>Financial assets</i>				
Quoted equity shares	7,137,155	–	–	7,137,155

Fair value measurement of financial assets

Equity securities

The fair value of quoted equity securities classified as financial assets at fair value through profit or loss is the quoted bid price at the balance sheet date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (trade and other receivables and trade and other payables, except grant receivable, GST and VAT recoverable prepayments, advances to suppliers, GST and VAT payable and deferred grant income) approximate their fair values because of the short period to maturity.

Notes to the consolidated financial statements

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32 COMPARATIVES

Certain amounts in the comparative information have been reclassified to conform with current year financial statement presentations.

The Group

Consolidated statement of cash flows for the financial year ended 31 December 2020

	As reported S\$	Reclassification S\$	As reclassified S\$
Cash Flows from Operating Activities			
Unrealised foreign exchange gain	(159,908)	159,908	–
Operating profit before working capital changes	3,191,683	159,908	3,351,591
Change in trade receivables	4,153,320	(159,908)	3,993,412
Cash generated from operations	5,500,672	–	5,500,672

33 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes lease liabilities, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital, reserves and accumulated profits.

The management of the Group 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 by the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

34 COMMITMENT

The Group has a commitment outstanding at the end of the reporting period not provided for in the financial statements as follows:

	2021 S\$	2020 S\$
Contracted but not provided for:		
– Medical equipment	534,843	–

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the current five financial years, is set out below:

HIGHLIGHTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2021	Year ended 31 December			
		2020	2019	2018	2017
	S\$	S\$	S\$	S\$	S\$
Revenue	21,416,453	22,471,557	51,899,239	47,457,263	44,441,142
Gross Profit	7,760,267	8,854,862	12,383,485	8,889,834	11,721,271
Profit/(Loss) before income tax	(28,187)	1,425,725	85,517	(3,856,113)	3,146,884
Profit/(Loss) for the year	(463,647)	1,263,079	(685,782)	(3,538,952)	2,277,773
Total comprehensive income/(loss) for the year attributable to the owners of the Company	(65,836)	1,288,047	(685,782)	(3,538,952)	2,277,773
Earnings/(Loss) per share – basic and diluted (S\$ cents) ⁽¹⁾	(0.02)	0.10	(0.06)	(0.29)	0.21

HIGHLIGHTS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2021	As at 31 December			
		2020	2019	2018	2017
	S\$	S\$	S\$	S\$	S\$
Assets					
Non-current assets	3,061,431	6,965,895	12,557,501	5,178,933	5,232,856
Current assets	30,623,915	32,446,928	30,087,077	28,626,685	32,886,571
Total assets	33,685,346	39,412,823	42,644,578	33,805,618	38,119,427
Liabilities					
Non-current liabilities	279,062	755,871	5,087,960	417,819	196,872
Current liabilities	8,232,768	13,166,527	13,354,240	8,499,639	8,571,470
Total liabilities	8,511,830	13,922,398	18,442,200	8,917,458	8,768,342
Total equity	25,173,516	25,490,425	24,202,378	24,888,160	29,351,085
Net assets per share (S\$ cents)⁽²⁾	2.04	2.07	1.97	2.02	2.39

Five Years Financial Summary

KEY FINANCIAL RATIOS

		As at 31 December			
	2021	2020	2019	2018	2017
Current ratio (times)	3.7	2.5	2.3	3.4	3.8
Gearing ratio (%) ⁽³⁾	7.4%	21.6%	41.7%	1.4%	0.3%
Gross profit margin (%)	36.2%	39.4%	23.9%	18.7%	26.4%
Profit/(Loss) for the year margin (%)	(2.2)%	5.6%	(1.3)%	(7.5)%	5.1%
Return on equity (%)	(1.8)%	5.0%	(2.8)%	(14.2)%	7.8%

Notes:

- (1) The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue. For the financial years ended 31 December 2017, 2018, 2019, 2020 and 2021 the weighted average number of ordinary shares is 1,071,095,890, 1,230,000,000, 1,230,000,000, 1,230,000,000 and 1,230,000,000 respectively. Diluted earnings/(loss) per share is the same as the basic (loss)/earnings per share as there are no potential dilutive ordinary shares during the years.
- (2) Net assets per share is calculated by dividing net assets by the number of ordinary shares in issue as at the respective year end. As at 31 December 2017, 2018, 2019, 2020 and 2021, the number of ordinary shares in issue is 1,230,000,000 ordinary shares.
- (3) Gearing ratio is calculated by dividing total borrowings (finance lease obligations and lease liabilities) by total equity as at the end of the respective year.