



SOLIS HOLDINGS LIMITED
守益控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 2227

2021
Annual Report



Contents

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	5
Biographical Details of the Directors of the Company and Senior Management	11
Report of the Directors	16
Corporate Governance Report	28
Environmental, Social and Governance Report	45
Independent Auditor's Report	70
Consolidated Statement of Profit or Loss and Other Comprehensive Income	76
Consolidated Statement of Financial Position	77
Consolidated Statement of Changes in Equity	78
Consolidated Statement of Cash Flows	79
Notes to the Consolidated Financial Statements	81
Five Years Financial Summary	142

Corporate Information

EXECUTIVE DIRECTORS

Mr. Tay Yong Hua (*Chairman*)
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)

NON-EXECUTIVE DIRECTOR

Mr. Lu Xianglong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Garnok
Ms. Zhang Xiuyan
Mr. Kwong Choong Kuen (Huang Zhongquan)
(*appointed on 23 June 2021*)

AUDIT COMMITTEE

Mr. Cheung Garnok (*Chairman*)
Ms. Zhang Xiuyan
Mr. Kwong Choong Kuen (Huang Zhongquan)
(*appointed on 23 June 2021*)

REMUNERATION COMMITTEE

Ms. Zhang Xiuyan (*Chairman*)
Mr. Tay Yong Hua
Mr. Cheung Garnok

NOMINATION COMMITTEE

Mr. Kwong Choong Kuen (Huang Zhongquan)
(*appointed on 23 June 2021*) (*Chairman*)
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
Mr. Cheung Garnok

CORPORATE GOVERNANCE COMMITTEE

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
(*Chairman*)
Ms. Zhang Xiuyan
Mr. Kwong Choong Kuen (Huang Zhongquan)
(*appointed on 23 June 2021*)

COMPANY SECRETARY

Mr. Lee Kwok Lun

AUTHORIZED REPRESENTATIVES

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
Mr. Lee Kwok Lun

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

85 Tagore Lane
Singapore 787527

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1302, 13/F.,
Perfect Commercial Building
No. 20 Austin Avenue, Tsim Sha Tsui,
Kowloon, Hong Kong

Corporate Information *(continued)*

INDEPENDENT AUDITOR

Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

STOCK CODE

2227

COMPANY WEBSITE

www.TheSolisGrp.com

AUDIT PARTNER IN-CHARGE:

Chan Sek Wai

PRINCIPAL BANKERS

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

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Chairman's Statement

Dear Shareholders,

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

Two years into the Coronavirus Disease 2019 ("COVID-19") pandemic, high uncertainty continues to surround the global economic outlook. Even to today, despite the slight recovery from the impact of the COVID-19 and the gradual reopening and resumption of economic activities in 2021, the productivity of the construction industry in Singapore still has not fully recovered to the level before the pandemic.

Faced with the COVID-19 outbreak, we have performed well in coping with the pandemic within our Group, adopting a series of pandemic-control measures and flexible working policies. We have given top priority to the health and safety of our employees and have been committed to providing a safe and healthy working environment for our employees. We have implemented flexible working hours and alternate working from home arrangements, and strengthened the measures of employee health information collection, pandemic prevention knowledge promotion and procurement of pandemic prevention materials. We have ensured the normal operation of our businesses and at the same time the health and safety of employees and their families.

Given the current situation, forecasting the future is especially difficult. We expect uncertain global economic conditions to persist, depending on how the pandemic evolves, particularly with the emergence of new variants of the virus. We are bracing for another tough year in 2022 and expect the Group's performance to be impacted by rising operational costs and substantial labour shortages.

That said, we will continue to monitor market conditions closely, and take a conservative approach towards pursuing construction projects and investment opportunities. We will continue to practise prudent balance sheet management, and managing working capital to ensure liquidity, while being mindful of operational expenditure. Operationally, we are constantly striving to improve our work methods, and the skills and capabilities of our people.

We will continue to advance the Group's digital capabilities, developing innovative technological solutions to improve our projects' productivity and efficiency.

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

Tay Yong Hua

Executive Chairman and Executive Director

Singapore, 30 March 2022

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is a design and build mechanical and electrical (“M&E”) engineering contractor in Singapore and our scope of services comprises (i) designing of M&E systems, which involves the design for functionality and connectedness of various building systems; and (ii) building and installation of the M&E systems. The Group has been established for over 30 years and specialises in electrical engineering, and the projects are in relation to new building developments and major additions and alterations (“A&A”) works, which include private residential, mixed residential and commercial developments and institutional buildings.

It has been two years into the Coronavirus Disease 2019 (“COVID-19”) pandemic, high uncertainty continues to surround the global economic outlook. Despite the slight recovery from the impact of the COVID-19 and the gradual reopening and resumption of economic activities in 2021, the construction sector in Singapore is still facing the same headwinds in light of market uncertainties and disruptions.

Ongoing border restrictions has led to substantial labour shortages and while border restrictions loosen in recent months, the foreign workers have to serve a quarantine period and all have to undergo regular COVID-19 testing, which effectively raised labour costs. Safety measures implemented as a result of COVID-19, including regular COVID-19 testing for workers and safe distancing measures on construction sites, have also led to a general decrease in productivity and increase in costs. New waves of infections with the ongoing new variants have disrupted supply chains for building materials, further compounding rising costs.

Tender pricings for new projects are still very competitive and challenging. This is in anticipation for the potential construction cost increase, driven by labour shortages, cost increase in key construction materials, availability of contracting resources and the implementation of the COVID safe management measures imposed by the relevant authorities. This will result to much lower profit margins for newly awarded projects and hence affecting the financial performance of the Group.

The Ministry of Trade and Industry of Singapore reported on 17 February 2022 that the Singapore economy expanded by 7.6 per cent in 2021, rebounding from the 4.1 per cent contraction in 2020. Specifically, the construction sector expanded by 20.1 per cent, a turnaround from the 38.4 per cent contraction in 2020, supported by both public and private sector construction works. The output of the construction sector is expected to remain below pre-pandemic levels throughout 2022.

While waiting for the market to return to normalcy, the management will make continuous effort to consolidate and strengthen the reputation of the Group through direct and regular contacts with main contractors in the construction industry to keep us abreast of market development and will continue to leverage its resources to improve the profitability and simultaneously take prudent measures to control the operating costs. The Group are constantly and expanding our capability in digital delivery initiatives in driving our productivity growth. This is very crucial in view of the imminent shortage of workers in the construction industry. We are prepared to embark on these initiatives while at the same time, tapping on various grants initiated by the Singapore Government.

For the year ended 31 December 2021, the Group’s revenue increased by approximately 102.8% to approximately S\$14.6 million as compared to approximately S\$7.2 million recorded in the last financial year. The increase in revenue was mainly attributable to more construction activities performed during the year as compared with corresponding year which included one-month lockdown and Circuit Breaker measures due to the COVID-19 pandemic. Our gross profit increased by approximately S\$3.0 million, from a gross loss of approximately S\$34,000 for the year ended 31 December 2020 to a gross profit of approximately S\$3.0 million for the year ended 31 December 2021.

Management Discussion and Analysis (continued)

Completed projects

During the year ended 31 December 2021, the Group had completed three projects with an aggregated contract value of approximately S\$21.1 million.

Ongoing projects

As at 31 December 2021, the Group had seven ongoing projects with an aggregate contract sum of approximately S\$61.5 million, of which approximately S\$6.4 million had been recognised as revenue as at 31 December 2021. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

Newly awarded projects

During the year ended 31 December 2021, the Group has secured three newly awarded projects with an aggregate contract value of approximately S\$35.0 million.

FINANCIAL HIGHLIGHT AND REVIEW

For the year ended 31 December

	2021 S\$' million	2020 S\$' million	Change %
Revenue	14.6	7.2	102.8
Gross profit/(loss)	3.0	–	N.M
Gross profit/(loss) margin	20.5%	0.0%	N.M
Net loss	(4.0)	(3.1)	29.0
Loss per share (S\$) cents	(0.44)	(0.34)	29.4

Revenue

The Group derived revenue from our design and/or build and installation of M&E systems for both private sector and public sector projects.

For the year ended 31 December

	2021			2020		
	Number of projects with revenue contribution	S\$' million	% to total revenue	Number of projects with revenue contribution	S\$' million	% to total revenue
Private sector projects	3	3.8	26.0	2	0.8	11.1
Public sector projects	5	10.8	74.0	5	6.4	88.9
Total	8	14.6	100.0	7	7.2	100.0

Our revenue increased by approximately S\$7.4 million or 102.8%, from approximately S\$7.2 million for the year ended 31 December 2020 to approximately S\$14.6 million for the year ended 31 December 2021. Such increase was mainly attributable to more construction activities gradually resumed in 2021 as compared to 2020 which included one-month lockdown due to the COVID-19 pandemic and Circuit Breaker Measures imposed by the Singapore Government.

Management Discussion and Analysis *(continued)*

Cost of services

Our cost of services increased by approximately S\$4.4 million or 61.1%, from approximately S\$7.2 million for the year ended 31 December 2020 to approximately S\$11.6 million for the year ended 31 December 2021, which was in line with the increase in revenue for the corresponding year.

Gross profit/(loss) and gross profit/(loss) margin

Our gross profit increased by approximately S\$3.0 million, from a gross loss of approximately S\$34,000 for the year ended 31 December 2020 to a gross profit of approximately S\$3.0 million for the year ended 31 December 2021. Our gross profit margin increased from a gross loss margin of approximately 0.5% for the year ended 31 December 2020 to a gross profit margin of approximately 20.7% for the year ended 31 December 2021. The increase of the gross profit and the gross profit margin were mainly due to the construction works have gradually resumed as compared to the previous year which resulted in improvement of the gross profit margin.

Other income and other (losses)/gains – net

Other income decreased by approximately S\$1.0 million, from approximately S\$1.9 million for the year ended 31 December 2020 to approximately S\$0.9 million for the year ended 31 December 2021. Such decrease was mainly attributable to the decrease in government subsidies granted from the Singapore Government to assist business to defray the cost caused by the COVID-19 pandemic during the year in consideration of the gradual recovery of the economic activities.

Other losses – net for the year ended 31 December 2021 is due to the fair value loss on financial asset at fair value through profit or loss which is offset by the gain on disposal of a freehold property and fair value gain on investment property.

Administrative expenses

The administrative expenses of the Group decreased by approximately S\$0.7 million or 14.0%, from approximately S\$5.0 million for the year ended 31 December 2020 to approximately S\$4.3 million for the year ended 31 December 2021. Such decrease was mainly due to the resumption of business activities and there was no significant idle cost incurred during the year as compared to the corresponding year.

Tax expense

As the Group did not record any assessable profits for both years, there was no income tax expense recorded.

Loss for the year

Loss for the year ended 31 December 2021 increased by approximately 29.0% to approximately S\$4.0 million from approximately S\$3.1 million for the year ended 31 December 2020.

Final dividend

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

Management Discussion and Analysis *(continued)*

The Group's response to the Qualified Opinion

Referring to the auditor's qualified opinion on page 70, the Company has given careful consideration to the Qualified Opinion and the basis of the Qualification and has had ongoing discussion with the auditor when preparing the Group's consolidated financial statements.

During the financial year, the management sought professional legal advice from an independent consultant, Super Consultants Pattaya and legal firm, Magna Carta Law Firm in Thailand which subsequent to year end on 25 January 2022 and 21 January 2022 respectively, the Group served two legal notices to (1) the vendors of the investee for the breach of various terms and conditions included in the Sales and Purchase Agreement ("SPA") and (2) investee for the failure to send notice of meetings to the Group for the approval of audited accounts for the year ended 31 December 2020 and appointment of new director.

For (1), the breach of various terms and conditions included in the SPA are namely:

- Failure to register the appointment of person(s) selected by the Company to be the authorised director(s) in the investee
- Failure to disclose and deliver all original documents (i.e., contracts, agreements, instruments, documents of title and legal documents) related to the investee's business operations to the Company
- Failure to deliver proper accounting records as requested by the Company's auditor
- Change the structure of the 51% shareholders of the investee without the consent of the Company

However, there has been no replies or updates from the vendors of the investee and the investee since the two legal notices are served until the date of this annual report.

Due to the COVID-19 situation and travel restrictions in 2021, the management was unable to obtain opportunities to negotiate with the vendors of the investee, further, the vendors were also unresponsive to our requests sent. With the gradual easing and reopening of the borders in early 2022, the management is of the view that we can better obtain opportunities for negotiation. The management will also consider site visits to the investee and continue to liaise with the legal professionals and if necessary and appropriate, we will seek a potential lawsuit against the vendors. Bearing the forceable circumstances, the management will work towards the timeline of removing the Qualified Opinion in the 2022/2023's financial statements.

Without significant influence over the management of the investee and in the absence of updated financial information from them, the management believes that it is appropriate for the investment to continue to be valued as financial asset at fair value through profit or loss.

With respect to the qualified audit opinion issued by the auditor, the management of the Company acknowledged and agreed with the audit opinion issued based on their professional and independent assessment.

The audit committee of the Company had critically reviewed the audit qualification after discussion with the auditor and it held the same view as to the basis of the Qualified Opinion. The audit committee of the Company will from time to time closely communicate with the Board and auditor on the progress of the Qualified Opinion.

Management Discussion and Analysis (continued)

After discussion with the auditor, the management of the Company is of the view that the Qualified Opinion will be removed only if the Group resolves the existing issues with the vendors. This will hence give the Company a better clarity about the accounting treatments of the investment, the fair value of the investee and the management's position with regards to this investment for the best commercial interest of the Group.

Liquidity and financial resources

The Group practiced prudent financial management and maintained a strong and sound financial position during the year ended 31 December 2021. As at 31 December 2021, the Group had cash and bank balances of approximately S\$14.0 million (2020: approximately S\$16.6 million) and available unutilised banking facilities of approximately S\$4.8 million (2020: approximately of S\$4.8 million).

As at 31 December 2021, the Group has no interest-bearing borrowings (2020: Nil). The Group's current ratio was approximately 3.8 times (2020: approximately 2.5 times) and gearing ratio was Nil% for both years.

Pledge of assets

As at 31 December 2021, the Group had pledged fixed deposits of approximately S\$0.2 million (2020: approximately S\$0.2 million) to secure the banking facilities granted to the Group. The Group's owned property with a fair value amounted to approximately S\$13.5 million (2020: two owned properties with a fair value amounted to approximately S\$20.3 million) has been pledged under a mortgage to secure the banking facilities with one bank (2020: two banks). The Group's freehold property classified as held for sale with a fair value amounted to approximately S\$9.0 million has been pledged under a mortgage to secure the banking facilities with another bank.

Exposure to foreign exchange rate risks

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains some proceeds from the Listing in Hong Kong dollars amounting to approximately S\$1.0 million (2020: approximately S\$1.5 million) that are exposed to foreign exchange rate risks.

The Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital structure

As at 31 December 2021, there has been no change to the capital structure of the Company. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations, bank facilities, and net proceeds from the Share Offer.

Contingent liabilities and capital commitments

As at 31 December 2021, the Group did not have any material contingent liabilities and capital commitments.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the year ended 31 December 2021, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

Management Discussion and Analysis (continued)

Significant investments held and principal properties

Save for those disclosed in relation to the financial assets at fair value through other comprehensive income, financial asset at fair value through profit or loss and properties held by the Group, as at 31 December 2021, the Group did not have any other investment in equity interest in any other company.

Employees and remuneration policies

As at 31 December 2021, the Group had a total of 142 employees (2020: 129 employees), including executive Directors. Total staff costs (including Directors' emoluments) were approximately S\$5.6 million for the year ended 31 December 2021 (approximately S\$5.5 million for the year ended 31 December 2020).

The Group's employees are remunerated according to their job scope, responsibilities, and performance. On top of basic salaries, employees are also entitled to discretionary bonuses depending on their respective performance and the profitability of the Group. The Group's foreign workers are typically employed on two-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills.

The emoluments of Directors were reviewed by the remuneration committee of the Company, having regard to salaries paid by comparable companies, experience, responsibilities, and performance of the Group, and approved by the Board.

Future plans for material investment and capital assets

The Group does not have any other plans for material investments and capital assets as at 31 December 2021.

Use of proceeds from Share Offer and comparison of business objectives with actual business progress

Up to 31 December 2021, the net proceeds raised from the listing of shares of the Company were utilised in accordance with the designated uses set out in the Prospectus and the supplemental announcement issued on 5 October 2021 (the "Supplemental Announcement") as follows:

Use of Net Proceeds	Remaining net	Adjusted use	Utilised	Remaining
	proceeds	of net proceeds		net proceeds
	available	as stated in the	amount as at	available as at
	as at 30 June	announcement	31 December	31 December
	2021	of the Company	2021	2021
	(S\$' million)	dated 5 October	(S\$' million)	(S\$' million)
		2021		
Increase our workforce	0.3	–	–	–
Purchase of machinery and equipment, and lorries	0.4	–	–	–
Purchase of additional property	–	–	–	–
Expand our internal competencies	1.8	–	–	–
Build our competencies in building information model ("BIM")	0.5	–	–	–
General working capital	5.3	–	–	–
Investment in bonds	–	8.3	8.3	–
Total	8.3	8.3	8.3	–

Biographical Details of the Directors of the Company and Senior Management

EXECUTIVE DIRECTORS

Mr. Tay Yong Hua (“Mr Tay”), aged 63, is the founder of the Group. He was appointed as a Director on 21 June 2017. He was re-designated as an executive Director and appointed as the executive Chairman on 11 July 2017. He is also a member of remuneration committee.

Mr. Tay founded the Group as a sole proprietor business in 1983 and has been our Group’s chairman and managing director since the incorporation of Sing Moh Electrical Engineering Pte Ltd (“Sing Moh”). Apart from setting the vision and the mission for the Group and guiding the Group to achieve its long-term business and financial objectives, Mr. Tay is also responsible for key clients/vendors partnership development and new business development.

Mr. Tay is an entrepreneur with over three decades of start-up and operational experience with a wide range of mechanical and electrical projects. In 1983, Mr. Tay founded Sing Moh Electrical Engineering Company as a sole-proprietorship, and in 1988, the sole proprietor business became Sing Moh Electrical Engineering Pte Ltd.

Mr. Tay is the brother of Mr. Tay Yong Meng (Director of Sing Moh) and the uncle of Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (an executive Director).

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (“Mr. Teo”), aged 49, was re-appointed as an executive Director and chief executive officer of the Company on 23 June 2020. He is also the authorised representative, chairman of corporate governance committee and member of nomination committee.

Mr. Teo joined the Group in May 2000 as a director. He currently oversees all aspects of the operations of our Group including strategic planning, procurement, tender, sales and marketing and business development. He is responsible for the project management for all mechanical and electrical engineering projects of our Group. During his tenure with the Group, Mr. Teo had secured one of the first pre-fabricated, pre-finished volumetric construction (PPVC) projects in Singapore, an initiative of the Singapore government to increase productivity and reduces demand for manpower.

Mr. Teo was instrumental in leading the Group to be awarded ISO 9001 certification in December 2000 as well as leading the Group’s upgrade of its BCA ME05 grading to L6 level in 2010. Under Mr. Teo’s leadership, the Group achieved the bizSAFE STAR status in November 2010. He was also responsible for guiding the Group to be awarded the OHSAS 180001 certification in December 2011. Prior to joining the Group, Mr. Teo worked at Sembcorp Construction Pte Ltd as an engineer between June 1997 and April 2000.

Mr. Teo obtained a Bachelor’s Degree (Honours) of Engineering from the Nanyang Technological University in July 1997 and obtained a Graduate Diploma in Business Administration from Singapore Institute of Management in October 2000.

Mr. Teo is the nephew of Mr. Tay Yong Hua (executive Chairman and an executive Director) and nephew of Mr. Tay Yong Meng (Director of Sing Moh).

Biographical Details of the Directors of the Company and Senior Management *(continued)*

NON-EXECUTIVE DIRECTOR

Mr. Lu Xianglong (“Mr. Lu”), aged 58, was appointed as a non-executive Director of the Company on 29 December 2020.

Mr. Lu has over 9 years of experience in banking and e-commerce. He obtained his postgraduate degree in economics from the Party School of the Guangdong Provincial Committee of the Communist Party of China in July 2002. From 2014 to present, Mr. Lu has been the Managing Director of 樂淘科技(廣州)有限公司 (unofficial English translation being Letao Technology (Guangzhou) Co. Ltd) which operates an e-commerce platform, www.letao.com, in China. Prior to this, he has also worked at a major state-owned commercial bank from 1983 to 2010, serving in various positions.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Garnok (“Mr. Cheung”), aged 46, was appointed as an independent non-executive Director of the Company on 11 June 2019. He is also the chairman of audit committee and a member for each of remuneration committee and nomination committee.

Mr. Cheung has over two decades of experience involving in the public accounting, auditing, corporate accounting and compliance areas. He also has extensive business exposure across industry sectors in financial services, real estates, hotel hospitality, ports, property development, FMCG (fast-moving consumer goods), fashion retailing, ecommerce, digital marketing, supply chain and logistics.

Mr. Cheung has been the chief financial officer for Cargo Services Group, a leading Hong Kong and China based international freight forwarder and logistics provider since May 2021.

From September 2020 to April 2021, Mr. Cheung was the chief financial officer for AMTD Group Company Limited (“AMTD”), a financial services conglomerate with core businesses in investment banking, asset management, digital finance solutions, and non-financial services areas including education and real estate investments. Since September 2020, Mr. Cheung is the advisor and from June 2015 to September 2020, he was the chief financial officer for eCargo Holdings Limited (“eCargo”), an ecommerce enabling and technology company with operations in Hong Kong, China and Australia and listed on the Australian Securities Exchange (ASX: ECG). In addition to his responsibilities on finance and accounting matters, Mr. Cheung is also responsible for eCargo’s strategic planning, daily operations, investor relations and business development. Between February 2006 and March 2013, Mr. Cheung was the assistant to managing director and subsequently between February 2013 and May 2015, the chief financial officer at ITC Corporation Limited (“ITC”, renamed as PT International Development Corporation Limited), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 372) that invest in a diversified portfolio group of listed and unlisted ventures. He served as a director of a number of operating subsidiaries of ITC.

Mr. Cheung received his Bachelor’s degree in Finance from the University of Hong Kong in July 1998. He is a certified public accountant recognised by the Washington State, U.S.A. since August 2005 and is a member of the American Institute of Certified Public Accountants since November 2012. He is also a Chartered Global Management Accountant since November 2012. He has completed the Blockchain Strategy Programme at the University of Oxford, England, United Kingdom in May 2018 (through long distance learning). He is an Associate Member of the Association of International Accountants since December 2020.

Biographical Details of the Directors of the Company and Senior Management (continued)

Ms. Zhang Xiuyan (“Ms. Zhang”), aged 39, was appointed as an independent non-executive Director of the Company on 1 October 2020. She is also the chairman of remuneration committee and a member for each of audit committee and corporate governance committee.

Ms. Zhang has over 22 years of experience in marketing and enterprise management. She also has extensive business exposure across industry sectors in retail, ecommerce, education, arts and culture.

Since March 2020, Ms. Zhang has been the Chairman of Tangshan Fengdelai Network Technology Co., Ltd. (唐山鳳德來網絡科技有限公司) and Henan Duoji Culture Co., Ltd. (河南集多寶文化傳媒有限公司) in which she is responsible for the enterprise management and marketing planning of the companies.

From December 2015 to September 2020, Ms. Zhang was the Chief Executive Officer of Tangshan Shengyun Tanglong Education Technology Co., Ltd. (唐山盛運唐龍教育科技有限公司) and was the Chairman of Hebei Chengjiuxue Enterprise Management Co., Ltd. (河北成就學企業管理有限公司).

Mr. Kwong Choong Kuen (Huang Zhongquan) (“Mr. Kwong”), aged 49, was appointed as an independent non-executive Director of the Company on 23 June 2021. He is also the chairman of nomination committee and a member for each of audit committee and corporate governance committee.

Mr. Kwong has over 20 years of experience in finance and accounting. He has been appointed as an independent non-executive director of C&N Holdings Limited 春能控股有限公司 (8430.HK) from September 2017 to August 2021 and an independent non-executive director of BHCC Holding Limited (1552.HK) since March 2020.

Mr. Kwong graduated from Nanyang Technological University with a Bachelor of Accountancy in June 1996. He is also a Chartered Accountant of Singapore and has been a member of the Institute of Certified Public Accountants of Singapore since September 1999 and a member of the Institute of Singapore Chartered Accountants since July 2013.

Biographical Details of the Directors of the Company and Senior Management *(continued)*

SENIOR MANAGEMENT

Mr. Tay Yong Meng, aged 58, joined our Group in June 1990 and is a director of Sing Moh. Mr. Tay Yong Meng is responsible for leading the operational departments and providing guidance and management experience in project management, including approving contracts and liaising with customers and suppliers. In addition, he is responsible for quality assurance, environmental health and workplace safety. He also oversees our Group's human resources and manpower management.

Mr. Tay Yong Meng has close to three decades of experience in the engineering industry. Prior to joining our Group, Mr. Tay Yong Meng worked as an assistant engineer at Maxtor Singapore Limited between 1989 and 1992.

Mr. Tay Yong Meng obtained a Certificate of Performance in Quantity Surveying (Contract Administration) awarded by Ngee Ann Polytechnic in November 1997 and a certificate in Mechanical and Electrical Coordination awarded by the Construction Authority in November 1999. He also completed the course in Cable Installation for MATV System compatible for Cable-TV Operation conducted by Institute of Technical Education in November 1996. Mr. Tay Yong Meng attained a certificate for completion of the Safety Management Course awarded by the Ministry of Labour, Singapore in January 1996 and completed four modules of National Technical Certificate Grade Three Electrical Installation & Servicing course conducted by the Institute of Technical Education by January 1997. He is certified for completing training in Small Electrical Installation Inspection and Testing awarded by the Singapore Power Training Institute in March 1998. Mr. Tay Yong Meng attained a Building Construction Safety Supervisors course certificate awarded by the Singapore Contractors Association Ltd in September 1999. He was admitted as an associate of the Singapore Institute of Engineering Technologists in February 1996 and is a qualified licensed electrician issued by the Energy Market Authority since December 2015. He was trained by Singapore Telecommunication Academy in 1999 and passed the Singtel's cable locating course and further trained by Starhub on their T.C. D.W course in April 2000. Mr. Tay Yong Meng has been a qualified installer for Info-Communications Development Authority of Singapore since 19 August 2002.

Mr. Tay Yong Meng obtained a Diploma in Mechanical Engineering from Ngee Ann Polytechnic Singapore in August 1986 and a Certificate in Industrial Management from Ngee Ann Polytechnic Singapore in August 1993.

Mr. Tay Yong Meng is the brother of Mr. Tay Yong Hua (executive Chairman and an executive Director) and the uncle of Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (an executive Director).

Biographical Details of the Directors of the Company and Senior Management (continued)

Ms. Chan Huishan (“Ms. Chan”), aged 35, joined the Group in January 2017 as chief financial officer. She is responsible for financial planning, accounting operations & reporting, taxation and internal control systems of our Group. Ms. Chan has extensive experience in accounting and auditing. Prior to joining our Group, Ms. Chan worked at Deloitte & Touche LLP in the audit department between December 2010 and December 2016 where she led various audit teams in providing audit and assurance services. The last position that Ms. Chan held in Deloitte & Touche LLP was audit manager. Prior to that, she worked at Crowe Horwath LLP, Singapore as a staff accountant and later as an audit senior between July 2008 and November 2010 where she carried out audit for both private and public companies (including companies listed in Singapore).

Ms. Chan obtained a Bachelor’s Degree in accounting and finance from the Singapore Institute of Management in August 2008, an external programme of the University of London, United Kingdom.

COMPANY SECRETARY

Mr. Lee Kwok Lun (“Mr. Lee”), aged 38, was appointed as our company secretary and the authorised representative on 23 December 2019.

Mr. Lee is a practising member of Hong Kong Institute of Certified Public Accountants, fellow member of the Association of Chartered Certified Accountants, associate member of the Hong Kong Institute of Chartered Secretaries and of The Chartered Governance Institute.

Mr. Lee is the company secretary of Summi (Group) Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0756), independent non-executive Director of Wing Chi Holdings Limited 榮智控股有限公司, a company listed on the Main Board of the Stock Exchange (stock code: 6080), Dragon Rise Group Holdings Limited 龍昇集團控股有限公司, a company listed on the Main Board of the Stock Exchange (stock code: 6829) and Ever Reach Group (Holdings) Company Limited 恒達集團(控股)有限公司, a company listed on the Main Board of the Stock Exchange (stock code: 3616).

Report of the Directors

The Board have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its principal subsidiaries are set out in note 11 to the consolidated financial statements.

RESULTS AND BUSINESS REVIEW

The results of the Group for the Year are set out in the section headed “Consolidated Statement of Profit or Loss and Other Comprehensive Income” on page 76 in this report. The business review of the Group for the Year is set out in the section headed “Management Discussion and Analysis” on pages 5 to 10 in this report. This discussion forms part of the report of the Directors.

ENVIRONMENT POLICIES AND PERFORMANCE

Discussion on the environmental policies and performance is set out in the section headed “Environmental, Social and Governance Report” on pages 45 to 69 in this report. This discussion forms part of the report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

Sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations. During the Year, the Board is not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group’s business where the Group is operating. In particular, we did not record any non-compliance with applicable environmental regulations.

RELATIONSHIP WITH KEY PARTIES

The Group’s success depends on, amongst other matters, the support from key parties which comprise customers, suppliers, employees and shareholders.

Customers

We have provided a variety of M&E services for main contractors for building development projects in the past 35 years, including M&E services for private residential, mixed residential and commercial developments, institutional and industrial buildings. Recognition from our sound track records and project portfolio in the market, the Group has secured new projects from public and private sectors from time to time. Our reputation and high standard of quality work enable the Group and the customers to achieve their profitability and sustainable growth.

During the Year, revenue derived from the Group’s top five customers accounted for approximately 88.0% (2020: 98.0%) of the total revenue.

Suppliers and subcontractors

We maintain an approved suppliers list for suppliers who have passed our assessment criteria and any supplier who receives a scoring less than the minimum score will be removed from the approved suppliers list upon assessment based on various performance indicators. We have good relationship with several of our five largest suppliers and we have received good support from them in terms of pricing and delivery of their supplies.

We engage subcontractors mainly for the design and/or installation of air-conditioning and mechanical ventilation systems, and fire protection systems and to provide on-site support to meet project timing when we do not have adequate internal resources to fulfill the project’s requirements. We have established good relationships with our subcontractors.

Report of the Directors *(continued)*

Employees

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

We also place great importance in establishing a safe and healthy work environment for our employees. We have established a set of occupational health and safety procedures, quality plan and procedures. In particular, the Group has secured two projects where we performed off-site on prefabrication and prefinished volumetric construction (“PPVC”) modules, helping to reduce the time of working onsite and working-at-height of employees, further improving the safety of employees.

Shareholders

The principal goal of the Group is to maximise the return to the shareholders of the Company. The Group will focus on our core business for achieving sustainable profit growth and rewarding the shareholders with dividend payouts taking into account the business development needs and financial health of the Group.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 27 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 78 and note 28 to the consolidated financial statements.

As at 31 December 2021, reserve available for distribution to the owners of the Company amounted to approximately S\$23,270,000 (2020: S\$29,344,000).

DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Year (2020: Nil).

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

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 12 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, charitable and other donations made by the Group amounted to S\$7,244 (2020: S\$11,015).

PRE-EMPTIVE RIGHTS

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

Report of the Directors *(continued)*

EQUITY-LINKED AGREEMENTS

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

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 28 to 44 in this report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 17 June 2022 (Friday) and the notice convening such meeting will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 June 2022 (Tuesday) to 17 June 2022 (Friday) (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer document, accompanied by the relevant share certificates, must be lodged with 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 for registration not later than 4:30 p.m. on 13 June 2022 (Monday).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company who held office during the Year and up to the date of this report are:

Executive Directors:

Mr. Tay Yong Hua (*Executive Chairman*)

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
(*Chief Executive Officer*)

Non-executive Director:

Mr. Lu Xianglong

Independent Non-executive Directors:

Mr. Cheung Garnok

Ms. Zhang Xiuyan

Mr. Kwong Choong Kuen (Huang Zhongquan) (*Appointed on 23 June 2021*)

Our two executive Directors, Mr. Tay Yong Hua and Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) have entered into a service contract with the Company for a term of three years commencing on 11 December 2017 and 23 June 2020 respectively, which are in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the service contract or a prior notice in writing of no less than three months served by either party to the other.

Mr. Lu Xianglong, being the non-executive Director has entered into a letter of appointment with the Company for a term of one year commencing on 29 December 2020, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the letter of appointment or a prior notice in writing of no less than three months served by either party to the other.

Report of the Directors *(continued)*

Each of our three independent non-executive Directors, namely Mr. Cheung Garnok, Ms. Zhang Xiuyan and Mr. Kwong Choong Kuen (Huang Zhongquan) has entered into a letter of appointment with the Company for a term of one year commencing on 11 June 2019, 1 October 2020 and 23 June 2021 respectively, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the letter of appointment or a prior notice in writing of no less than three months served by either party to the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the terms of the service contract/letter of appointment.

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

In accordance with the Article 84(1) of Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation.

Mr. Tay Yong Hua, Mr. Lu Xianglong, Mr. Cheung Garnok, Ms. Zhang Xiuyan and Mr. Kwong Choong Kuen (Huang Zhongquan) shall retire from office at the forthcoming annual general meeting to be held on 17 June 2022 (the "AGM"), being eligible, offer themselves for re-election, at the AGM.

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

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

NON-COMPETITION UNDERTAKING

The controlling shareholders have entered into the deed of non-competition dated 20 November 2017 in favour of our Group, pursuant to which each of them had irrevocably undertaken with the Company on joint and several basis (for itself and for the benefit of each of our subsidiaries) that he/it would not, and would procure that any of his/its associates (except any members of the Group) would not, during the period from 11 December 2017, the listing date, to the date when the controlling shareholders or their associates cease to hold equity interest in our Company and they are not considered as substantial shareholders of the Company, directly or indirectly, either on his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) any business which is or may be in competition with the business of any member of our Group from time to time.

The Company has received the confirmation from the controlling shareholders in respect of their compliance with the terms of non-competition undertaking for the Year.

Report of the Directors *(continued)*

The independent non-executive Directors had reviewed and confirmed that the controlling shareholders have complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms for the Year.

Saved as disclosed above, during the Year, none of the directors, the substantial shareholders or the management shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 142. This summary does not form part of the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. Inability to achieve continuity of our order book, given the non-recurring nature of our projects, could materially affect our financial performance

Our contracts are on a non-recurring and project basis. As our projects are not recurring in nature, we cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing projects. Although we are invited by our customers to tender for their projects, our Group nonetheless has to go through a competitive tendering process to secure new projects. If we fail to secure new projects of similar or higher value or similar number of projects on a continual basis, our financial performance will be adversely affected.

In addition, so far as our executive Directors are aware, most of our customers will evaluate their contractors based on their past performance, financial capability, pricing and certifications. If a contractor receives a poor safety performance review or has regulatory non-compliance incidents, it may lead to a poor evaluation and therefore affect future tender success rate. There is no assurance that we will be evaluated favourably by our customers or that we will be invited to tender. If we fail to secure new projects of similar or higher value or similar number of projects on a continual basis, our financial performance will be adversely affected.

The Group will continue to leverage on its various registrations and licenses and extensive experience to solidify and expand its market share in the M&E industry in Singapore.

Report of the Directors *(continued)*

2. We may experience delays or defaults in collecting our trade receivables, and failure to receive payment on time and in full, or delay in the release of retention monies or if retention monies are not fully released to us after expiry of the defect liability period, may affect our liquidity position.

The Group normally make monthly progress claims to our customers in respect of the value of the work we have performed, thereafter, subject to our customer's approval of our progress claims, we will proceed to issue the invoices with a credit term in accordance with the provision of the contract. A portion of the contract value, normally 5% is withheld by our customers as retention monies, of which half will be released upon substantial completion and the remaining will be released upon final completion (which is after the defect liability period, usually 12 months from date of substantial completion). If a customer delays payment, or fails to release our retention monies as scheduled, our cash flow and working capital may be materially and adversely affected.

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 research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary. In addition, our accounts department follows a set of monitoring procedures to ensure that follow-up steps are taken for collection of receivables.

3. Majority of our workforce is made up of foreign labour and inability to recruit and/or retain foreign labour could materially affect our operations and financial performance

Our business is highly dependent on foreign workers as the local construction labour force is of limited supply and more costly. Majority of our workforce made up of foreign employees (including site workers and other employees). Any shortage in the supply of foreign workers, increase in foreign worker levy for foreign workers, or restriction on the number of foreign workers that we can employ will adversely affect our operations and financial performance.

Our human resources department assesses our available human resources on a regular basis, and together with our executive Directors, determines whether additional employees are required to cope with our business operations and expansion. We will also assess the sufficiency of our foreign workforce and ensure that we have an adequate workforce to meet our projects' needs.

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors of the Company and Senior Management" on pages 11 to 15 in this report.

Report of the Directors *(continued)*

UPDATE ON DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, change in any of the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) during the course of the director's, supervisor's or chief executive's term of office, the Company must ensure that the change and the updated information regarding the director, supervisor or chief executive is set out in the next published annual or interim report of the listed issuer (whichever is the earlier).

Mr. Cheung has resigned from eCargo Holdings Limited as the chief financial officer in September 2020 and from September 2020 to April 2021 be appointed as the chief financial officer of AMTD, a financial services conglomerate with core businesses in investment banking, asset management, digital finance solutions, and non-financial services areas including education and real estate investments.

Since May 2021, Mr. Cheung be appointed as the chief financial officer of Cargo Services Group, a leading Hong Kong and China based international freight forwarder and logistics provider.

Since August 2021, Mr. Kwong has resigned from his position as an independent non-executive Director of C&N Holdings Limited 春能控股有限公司 (8430.HK) as he would like to devote more time to his own business and career development.

EMOLUMENT POLICY

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

DIRECTORS' EMOLUMENTS

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

Details of the Directors' emoluments are set out in note 7 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISIONS

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

Such provision was in force during the Year. In addition, the Company has also maintained Directors' and officers' liability insurance during the Year, which provides appropriate cover for the directors and officers of the Group.

Report of the Directors (continued)

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

As at 31 December 2021, the interests or short positions of Directors and the chief executives 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 Future Ordinance (Chapter 571 of the laws of Hong Kong (the "SFO"))) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to standards of dealing by Directors contained in the Listing Rules, were as follows:

(I) Long Position in the Ordinary Shares and Underlying Shares of the Company

(i) Interests in the Company

Interests in ordinary shares

Name of director	Personal interests	Family interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued voting shares
Mr. Tay Yong Hua ^{Note 1}	20,000,000	-	529,792,000	549,792,000	-	549,792,000	60.05%
Mr. Kenneth Teo Swee Cheng ^{Note 2} (Kenneth Zhang Ruiqing)	-	-	529,792,000	529,792,000	-	529,792,000	57.86%
Mr. Kwong Choong Kuen (Huang Zhongquan)	2,144,000	-	-	2,144,000	-	2,144,000	0.23%

Notes:

1. Mr. Tay Yong Hua holds 90% shares in HMK Investment Holdings Limited ("HMK") and he is therefore deemed to be interested in the 529,792,000 Shares held by HMK under the SFO.
2. Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) holds 4% shares in HMK and he is therefore deemed to be interested in the 529,792,000 Shares held by HMK under the SFO.

Report of the Directors (continued)

(ii) Interests in the associated corporation

Name of directors	Name of associated corporation	Capacity/ Nature	No. of shares held	% of the issued voting shares of associate corporation
Mr. Tay Yong Hua	HMK	Beneficial owner	90	90%
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)	HMK	Beneficial owner	4	4%

Save as disclosed above, as at 31 December 2021, none of the directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to standards of dealing by Directors contained in the Listing Rules.

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

As at 31 December 2021, the following persons/entities (not being Directors or chief executive of our Company) have an interest or a short position in the Shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

Long position in the ordinary shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares held	% of the Company's issued voting shares
HMK ^{Note 1}	Beneficial owner	529,792,000	57.86%
Mr. Tay Yong Meng ^{Note 2}	Interest in a controlled corporation	529,792,000	57.86%
Ms. Lim Sim Swee ("Mrs. Tay") ^{Note 3}	Deem interest by virtue of interest held by spouse	549,792,000	60.05%
Mr. Zheng Ming Qiang ("Mr. Zheng") ^{Note 4}	Beneficial owner	67,073,714	7.33%

Report of the Directors (continued)

Notes:

1. The 529,792,000 shares are beneficially held by HMK which is owned as to 90% by Mr. Tay Yong Hua, 6% by Mr. Tay Yong Meng and 4% by Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing), and they are deemed to be interested in 529,792,000 Shares held by HMK by virtue of the SFO.
2. Mr. Tay Yong Meng holds 6% shares in HMK and he is therefore deemed to be interested in the 529,792,000 Shares held by HMK under the SFO.
3. Mrs. Tay, the spouse of Mr. Tay Yong Hua, is deemed to be interested in the interests held by Mr. Tay Yong Hua under the SFO.
4. According to the individual substantial shareholder notice filed on 8 April 2020 by Mr. Zheng, 67,073,714 shares are beneficially held by him.

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

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (“Share Option Scheme”), which was approved by written resolutions passed by its sole Shareholder on 14 November 2017 and became unconditional on 11 December 2017. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to give the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (including executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions with a payment of HK\$1.00 upon each grant of options offered.

The exercise price of the share option will be not less than the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange’s daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for period of ten years from 14 November 2017 to 13 November 2027, after which no further options will granted or offered.

Report of the Directors *(continued)*

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the number of shares of Company in issue from time to time. Unless further shareholders' approval has been obtained pursuant to the conditions set out in the Share Option Scheme, no person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 months period up to the date of grant are exercised in full, would result in such person's maximum entitlement exceeding 1% of the number of issued shares of Company.

As at 31 December 2021 and up to the date of this report, there was no option outstanding, granted, cancelled, exercised or lapsed.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed "Share Option Scheme" in section headed "Statutory and General Information" in Appendix V to the Prospectus.

Apart from the aforesaid Share Option Schemes, at no time during the year ended 31 December 2021 was the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 88.0% (2020: 98.0%) of the total revenue. The top five suppliers accounted for approximately 16.9% (2020: 24.5%) of the total purchases for the Year. In addition, the Group's largest customer accounted for approximately 48.8% (2020: 35.7%) of the total revenue and the Group's largest supplier accounted for approximately 5.5% (2020: 7.7%) of the total purchases for the year.

During the Year, none of the Directors, their respective close associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

RELATED PARTIES TRANSACTIONS

During the Year, details of the significant related party transactions undertaken in the normal course of business are set out in the note 30 to the consolidated financial statements, and none of which constitutes a disclosable connected transaction as defined under the Listing Rules.

CONNECTED TRANSACTIONS

During the Year, the Company has no connected transaction which is subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public.

Report of the Directors *(continued)*

RETIREMENT SCHEME

The Group participates in the Central Provident Fund in Singapore which is a defined contribution retirement plan, when employees have rendered service entitling them to the contributions. Save as the aforesaid, the Group did not participate in any other pension schemes during the Year.

AUDITORS

The consolidated financial statements for the Year have been audited by Baker Tilly TFW LLP, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

By order of the Board

Solis Holdings Limited

Tay Yong Hua

Executive Chairman and Executive Director

Singapore, 30 March 2022

Corporate Governance Report

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Group is committed to maintaining high corporate governance standards to safeguard the interest of shareholders and to enhance corporate value and accountability. The Company's corporate governance practices are based on the principles and code provisions as set out in the corporate governance codes (the "CG Code") as contained in Appendix 14 of the Listing Rules.

During the Year, the Board considers that the Company has fully complied with all the applicable principles and code provisions as set out in the CG Code. Details of compliance of Code provisions are explained in this corporate governance report.

Code of Conduct for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors (the "Model Code") on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Year.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Year after making reasonable enquiry.

THE BOARD OF DIRECTORS

Responsibilities

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Company. The delegated functions and work tasks are reviewed by the Board periodically.

Composition

As at 31 December 2021 and as of the date of this annual report, the Board comprises six Directors, comprising two executive Directors; one non-executive Director; and three independent non-executive Directors of the Company. The composition of the Board is as follows:

Executive Directors:

Mr. Tay Yong Hua (*Executive Chairman*)

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (*Chief Executive Officer*)

Corporate Governance Report *(continued)*

Non-executive Director:

Mr. Lu Xianglong

Independent Non-executive Directors:

Mr. Cheung Garnok

Ms. Zhang Xiuyan

Mr. Kwong Choong Kuen (Huang Zhongquan)

(Appointed on 23 June 2021)

The relationship among members of the Board and biographical details and responsibilities of the Directors as well as the senior management are set out in the section “Biographical Details of the Directors of the Company and Senior Management” on pages 11 to 15.

Save as disclosed in the section headed “Biographical Details of the Directors of the Company and Senior Management” to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of Chairman and chief executive should be separate and should not be performed by the same individual. The roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. Tay Yong Hua is the executive Chairman of the Board. The Chairman provides an effective leadership and ensure the continuing effectiveness of the management team of the Company. Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) is the Chief Executive Officer of the Company. He focuses on daily operations of the Group. Their respective responsibilities are clearly defined in writing.

Independent Non-executive Directors

Reference is made to the announcement of the Company dated 29 December 2020 and 23 June 2021 in relation to the resignation of Ms. Ren Hongyan (“Ms. Ren”) and appointment of Mr. Kwong Choong Kuen (Huang Zhongquan) (“Mr Kwong”) as an independent non-executive director, the chairman of the nomination committee and a member for each of audit committee and corporate governance committee.

Since 29 December 2020, following the resignation of Ms. Ren, the Company has only two independent non-executive directors; and has only two members in the Audit Committee, as such, the Company fails to meet (i) the requirement set out in Rule 3.10(1) and 3.21 of the Listing Rules that every board of directors of a listed issuer must include at least three independent non-executive directors; and (ii) the requirements set out in Rule 3.21 of the Listing Rules that the Audit Committee must comprise a minimum of three members. The Board used its best endeavours of identifying a suitable candidate who is Mr Kwong to fill the vacancy of the position of independent non-executive Director who satisfies the requirements under Rules 3.10(1) and 3.21 of the Listing Rules on 23 June 2021.

Thereafter the Company has throughout the Year met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications, accounting or related financial management expertise. At all times during the Year, the independent non-executive Directors represent at least one-third of the Board pursuant to Rule 3.10A of the Listing Rules. Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence.

Corporate Governance Report *(continued)*

Confirmation of Independence

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

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the service contract or a prior notice in writing of no less than three months served by either party to the other.

The non-executive Director has entered into a letter of appointment with the Company for a term of one year, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the letter of appointment or a prior notice in writing of no less than three months served by either party to the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the letter of appointment or a prior notice in writing of no less than three months served by either party to the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the terms of the service agreement/letter of appointment.

In accordance with the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their 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.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors take decisions objectively in the interests of the Company.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

Corporate Governance Report *(continued)*

The Board reserves its decisions for all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. The Board has delegated the responsibility of implementing the strategies and the daily operations to the management of the Group under the leadership of executive Directors. The chief financial officer and/or the company secretary attend all regular Board meetings and Board committee meetings to advise on accounting and financial, corporate governance and statutory compliance matters. Senior management has formal or informal contact with the Board members as and when necessary.

Board/Board Committee/and General Meetings

According to code provision A.1.1 of the CG Code, board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication.

According to code provision A.5.2 of the CG Code, nomination committee should review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy.

According to code provision C3.3 (e)(i) of the CG Code, audit committee must meet, at least twice a year, with the auditors of the Company.

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals in compliance with A.1.1 of the CG Code, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary and all Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors.

During the Year, the Company held four Board meetings, three audit committee meetings, one nomination committee meeting, one remuneration committee meeting and one corporate governance committee meeting. In addition, the executive Chairman met with all independent non-executive directors without the presence of the executive directors.

Corporate Governance Report (continued)

Directors' Attendance at Board/Board Committee/General Meetings

Here below are details of all Directors' attendance at the board meeting, board committee meetings and general meeting held during the Year:

	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	Annual General Meeting
Total number of meetings held	4	3	1	1	1	1
	Number of meetings attended					
Executive Directors						
Mr. Tay Yong Hua	4	N/A	1	N/A	N/A	1
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)	4	N/A	N/A	1	1	1
Mr. Chen Kaiben (resigned on 30 August 2021)	3	N/A	N/A	N/A	N/A	N/A
Non-executive Director						
Mr. Lu Xianglong	4	N/A	N/A	N/A	N/A	1
Independent Non-executive Directors						
Mr. Cheung Garnok	4	3	1	1	N/A	1
Ms. Zhang Xiuyan	4	3	1	N/A	1	1
Mr. Kwong Choong Kuen (Huang Zhongquan) (appointed on 23 June 2021)	2	2	N/A	N/A	N/A	N/A

Induction and Continuous Professional Trainings of Directors

Arrangements have been made to provide each new director a comprehensive, formal and tailored induction on the first occasion of his appointment and continuing briefing and professional development when necessary.

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

The Directors have also been informed of the requirement under A.6.5 of the CG Code regarding continuous professional development and they may join institutes and attend relevant training seminars or informative talk from time to time to enable them to better discharge their duties. The Company encourages the directors to attend courses in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading and any industry-related matters, to develop themselves professionally, at the Company's expense.

Corporate Governance Report (continued)

For the Year, regulatory updates have been provided and sent to all the Directors include:

- briefing by the external auditor on changes or amendments to accounting standards at the Audit Committee meetings; and
- update by the Company Secretary on proposed amendments to the Listing Rules, directors' duties, risk management and directors' responsibilities from time to time.

The Company shall from time to time, if necessary, arrange for relevant and appropriate continuous professional training to all Directors to develop and refresh their knowledge and skills to enable them to be better discharge their duties as a Director of the Company.

BOARD COMMITTEES

The Board has established four board committees, namely audit committee, remuneration committee, nomination committee and corporate governance committee for overseeing specific aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. Certain terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website in compliance with the CG Code.

Audit Committee

The Company established an Audit Committee on 14 November 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The Company has updated the written terms of reference of audit committee on 16 November 2018 in compliance with the new CG Code with effect from 1 January 2019. The revised terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control principles and procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting, risk management and internal control procedures and ensure that the board and the management have discharged their duties to have an effective risk management and internal control systems.

The Audit Committee currently comprises three members as follows:

Mr. Cheung Gamok (*Chairman*)
Ms. Zhang Xiuyan
Mr. Kwong Choong Kuen (Huang Zhongquan)

All of the members of the audit committee are independent non-executive Directors. None of them is a former partner of the Company's existing auditing firm within 2 years immediately prior to their respective date of appointment. All of them do not have material interest in any principal business activity of nor is or was involved in any material business dealings with the Group or with any core connected persons (as defined in the Listing Rules) of the Group within one year immediately prior to their respective date of appointment.

Corporate Governance Report *(continued)*

Mr. Cheung Garnok, who has appropriate professional qualifications and experience in accounting matters, was appointed as the Chairman of the audit committee.

During the Year, the audit committee held three meetings. Details of the attendance of the members of the audit committee in the said meeting are set out under the sub-heading “Directors’ Attendance at Board/Board Committee/General Meetings” above.

The summary of work of the audit committee meeting during the Year is as follows:

- To meet with the external auditors, review and make recommendation to the Board for approving the annual financial statement of the Group;
- To review and approve audit fee;
- To review the terms of engagement and make recommendation to the Board for the re-appointment of auditors of the Company, subject to the Shareholders’ approval at the annual general meeting;
- To review the non-competition undertaking by the Controlling Shareholders of the Company;
- To review the effectiveness of the Company’s risk management and internal control systems; and
- To review the adequacy of resources, qualifications and experience of staff of the Company’s accounting and financial reporting function, and their training programmes and budget.

The audit committee has not taken a different view from the Board regarding the selection and re-appointment of external auditors.

Corporate Governance Report *(continued)*

Remuneration Committee

The Company established the remuneration committee on 14 November 2017 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The written terms of reference of the remuneration committee are available on the websites of the Company and the Stock Exchange.

The remuneration committee is responsible for formulating and making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy. The Board expects the remuneration committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

The Remuneration Committee currently comprises three members as follows:

Ms. Zhang Xiuyan (*Chairman*)
Mr. Tay Yong Hua
Mr. Cheung Garnok

The remuneration committee is chaired by an independent non-executive Director and majority members of the remuneration committee are also independent non-executive Directors. During the Year, the remuneration committee held one meeting to review the remuneration policy and structure and to make recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters.

Details of the attendance of the members of the remuneration committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the remuneration committee meeting held during the Year is as follows:

- To review and recommend to the Board on the Group's remuneration policy and strategy;
- To review and recommend to the Board on the remuneration packages of the executive Directors and senior management of the Company; and
- To review and recommend to the Board on the Directors' fees of independent non-executive Directors.

Details of the emoluments paid to the Directors and highest paid individuals for the Year are set out in Note 7 to the consolidated financial statements.

Corporate Governance Report *(continued)*

Nomination Committee

The Company established the nomination committee on 14 November 2017 with written terms of reference in compliance with the CG Code. The written terms of reference of the nomination committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors.

The Nomination Committee currently comprises three members as follows:

Mr. Kwong Choong Kuen (Huang Zhongquan) (*Chairman*)

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)

Mr. Cheung Garnok

The nomination committee is chaired by an independent non-executive Director and majority members of the nomination committee are also independent non-executive Directors. During the Year, the nomination committee held one meeting to review composition of the Board, review the nomination policy, assess the independence of independent non-executive Directors and recommend the Board on the re-election of directors.

Details of the attendance of the members of the nomination committee in the said meeting are set out under the sub-heading “Directors’ Attendance at Board/Board Committee/General Meetings” above.

The summary of work of the nomination committee meeting held during the Year is as follows:

- To review the existing Board’s structure, size and composition;
- To review the board diversity policy;
- To review the nomination policy;
- To review and assess the independence of the independent non-executive Directors; and
- To make recommendations on the retiring Directors at the 2022 AGM of the Company.

Corporate Governance Report *(continued)*

Board Nomination Policy

The Company adopted a nomination policy on 16 November 2018 in compliance with the CG Code with effect from 1 January 2019, which establishes written guidelines to nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Process

The nomination committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The nomination committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the nomination committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The nomination committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The nomination committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Corporate Governance Report (continued)

Board Diversity Policy

The composition of the Board is reviewed on an annual basis by the nomination committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Company adopted its own board diversity policy and recognises the benefits of having diversity in the composition of the Board.

The Company noted that that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, nomination committee will consider factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against the above selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Composition of the Diversified Board

As at the date of this annual report, the Board comprises six Directors. The following diagram and/or table further illustrate the composition and diversity of the Board as of the date of this annual report:

Name of Director	Age Group				Nationality	
	30 to 39	40 to 49	50 to 59	Over 60	Singaporean	Chinese
Mr. Tay Yong Hua				✓	✓	
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)		✓			✓	
Mr. Lu Xianglong			✓			✓
Mr. Cheung Garnok		✓				✓
Ms. Zhang Xiuyan	✓					✓
Mr. Kwong Choong Kuen (Huang Zhongquan)		✓			✓	

Name of Director	Educational background			Professional experience		
	Accountancy	Engineering	Other	Construction	Accounting, audit and corporate finance consultancy	Marketing and enterprise management
Mr. Tay Yong Hua			✓	✓		
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)		✓		✓		
Mr. Lu Xianglong			✓		✓	
Mr. Cheung Garnok	✓				✓	
Ms. Zhang Xiuyan			✓			✓
Mr. Kwong Choong Kuen (Huang Zhongquan)	✓				✓	

Corporate Governance Report *(continued)*

The nomination committee considers the existing size and composition of the Board are adequate and diversified for effective decision-making, taking into account the nature and scope of the Group's operations. The nomination committee has also monitored the implementation of the board diversity policy since its adoption, and also reviewed it to ensure its effectiveness and concluded that no revision to the policy is required at the last nomination committee meeting held.

Corporate Governance Committee

The Company established the corporate governance committee on 14 November 2017 with written terms of reference in compliance with the CG Code. The written terms of reference of the corporate governance committee are available on the websites of the Company and the Stock Exchange.

The primary functions of the corporate governance committee are to keep the effectiveness of the corporate governance and system of internal controls of our Group. The corporate governance committee shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in our Group.

The Corporate Governance Committee currently comprises three members as follows:

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (*Chairman*)

Ms. Zhang Xiuyan

Mr. Kwong Choong Kuen (Huang Zhongquan)

The corporate governance committee is chaired by an executive Director and the majority members of the corporate governance committee are independent non-executive Directors. During the Year, the corporate governance committee held one meeting to review and monitor the training and continuous professional development of Directors and senior management, review the Company's policies and practices on corporate governance issues and review the Company's compliance with CG Code and disclosure in the corporate governance report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a balanced, clear and understandable assessment of financial reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Board acknowledges its responsibility for the preparation of the consolidated financial statements for the year ended 31 December 2021 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

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

The statement of the auditors about their reporting responsibilities is set out in the "Independent Auditors' Report" on pages 70 and 75 of the consolidated financial statements.

Corporate Governance Report *(continued)*

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness annually, while the management are responsible for implementing and maintaining the internal controls systems that covers governance, compliance, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Procedures are in place to identify major business risks and evaluate potential financial implications.

The internal control system is reviewed on an ongoing basis by the Board and the Audit Committee through engaging independent consultant.

During the Year, the Audit Committee of the Company, through the engagement of Crowe Horwath First Trust Risk Advisory Pte Ltd. ("Crowe Horwath"), reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group established by the Group for the period from 1 January 2021 to 31 December 2021, including the following:-

- Investment management
- Project management
- Subcontractor management
- Property, plant and equipment

Crowe Horwath reported to the Audit Committee that they have identified and evaluated the above risk management and internal control systems of the Group and concluded that no significant deficiencies were identified. In addition, management of the Group was generally in agreement with the issues identified and has undertaken to take proactive actions to remediate the issues and continue to monitor internal controls system within the Group to ensure all control systems can function effectively.

Based on the review for the period from 1 January 2021 to 31 December 2021 on the risk management and internal control systems of the Group provided by Crowe Horwath, the Audit Committee reported such findings to the Board. In addition, the Board had received confirmation from the management for the Year that:

- The financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and
- The risk management and internal control systems of the Group are effective.

Based on the above, the Board, with the concurrence of the Audit Committee, considered that such systems including financial, operational and compliance were effective and adequate for the Year. The Company will perform the ongoing assessment to update the all material risk factors on a regular basis and conduct review on its risk management and internal control system annually.

Corporate Governance Report *(continued)*

Internal Audit

The Audit Committee relies on reports from the management, external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the Audit Committee oversees and monitors the implementations thereto.

During the Year, the Group has outsourced its internal audit function and engage an independent internal control consultant to assess our overall internal control systems and give recommendations to make enhancement. The internal audit has an administrative reporting function to management where planning, coordinating, managing and implementing internal audit work cycle are concerned, and will report their findings and recommendations directly to the Audit Committee. The internal audit can access to all the Group's documents, records and properties for performing its duties.

It was reported that that there were no material deficiencies in relation to the Group's internal controls. The Board is of the view that the internal control measures of the Group are adequately and effectively monitor our business operations for the Year.

Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Listing Rules and SFO.

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information fall within the safe harbours with the SFO. The management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to Directors, officers and senior management of the Group. The Board emphasizes that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

External Auditors' Remuneration

During the Year, the Company engaged Baker Tilly TFW LLP as the external auditors. Their fees in respect of audit services and non-audit services provided for the year ended 31 December 2021 amounted to S\$105,000 (2020: S\$100,000) and S\$4,000 (2020: S\$4,000) respectively.

The audit committee has expressed its views to the Board that the level of fees paid/payable to the Company to the Company's external auditors for annual audit services is reasonable. There has been no major disagreement between the auditors and the management of the Company during the Year.

Corporate Governance Report *(continued)*

COMPANY SECRETARY

The Company appointed Mr. Lee Kwok Lun (“Mr. Lee”), an external service provider, as its company secretary. Ms. Chan Huishan, chief financial officer, is the primary contact person to Mr. Lee at the Company in respect of any compliance and company secretarial matters of the Company.

The biographical details of Mr. Lee are set out under the section headed “Biographical Details of the Directors of the Company and Senior Management” of this annual report. During the Year, Mr. Lee, has undertaken over 15 hours’ professional training to update his skill and knowledge in compliance with Rule 3.29 of the Listing Rules.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Year, there has been no changes in the constitutional documents of the Company.

The restated Memorandum and Articles of Association of the Company are available for viewing on the websites of the Company and the Stock Exchange.

NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

The controlling shareholder (as defined in the Listing Rules) of the Company had given non-competition undertaking in favour of the Company and confirm that they and their close associates have not breached the terms of the undertaking contained in the Deed of Non-competition during the Year. Details of the deed of non-competition are set out in the section headed “Relationship with our Controlling Shareholders” of the Prospectus.

The Board comprising all the independent non-executive Directors, based on the written confirmation provided by the controlling shareholder, is of the view that the controlling shareholder has been in compliance with the non-competition undertaking in favour of the Company for the Year.

SHAREHOLDERS’ RIGHTS

The Way by Which Shareholders Can Convene Extraordinary General Meeting (“EGM”)/Put Forward Proposal

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

Corporate Governance Report (continued)

Article 85 of the articles of association provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Accordingly, if a member of the Company wishes to propose a person other than a Director for election as a Director at the Company's general meeting ("Proposal"), he/she should lodge a written notice setting out the Proposal and his/her contact details to the head office and principal place of business of the Company.

The relevant procedures are set out in the circular to the shareholders which is sent together with this annual report and the Company's website at www.TheSolisGrp.com.

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board/company secretary by addressing them to the Company at our headquarters in Singapore or principal place of business in Hong Kong or by email through the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavors to maintain effective communications with the shareholders and potential investors of the Company.

Save as mentioned under the sub-heading "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our shareholders, the Company has published all corporate information about the Group on its website at www.TheSolisGrp.com. It is a channel of the Company to communicate with the shareholders and potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular and financial reports are available on the website for easy access by the shareholders and potential investors. In addition, the Company meets its shareholders at the annual general meeting so as to promote the development of the Company through mutual and efficient communications.

The forthcoming annual general meeting of the Company is scheduled to be held on 17 June 2022. At the annual general meeting, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditors shall also present and available to answer questions at the meeting.

The notice of annual general meeting and the necessary information on issues to be considered in the annual general meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

Corporate Governance Report *(continued)*

POLICY ON PAYMENT OF DIVIDENDS

The Company adopted a policy on payment of dividends (the “Dividend Policy”) on 16 November 2018 in compliance with E.1.5 of the CG Code with effect from 1 January 2019, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to Shareholders after considering the Company’s ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to Shareholders’ approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

Singapore, 30 March 2022

Environmental, Social and Governance Report

MESSAGE FROM BOARD

We are pleased to present the Environmental, Social and Governance Report for the financial year ended 31 December 2021 (“FY2021”).

Solis Holdings Limited and its subsidiaries are always determined to provide the highest quality of electrical and mechanical solutions to our customers. The keys to our success are our continuous commitments to providing excellent electrical and mechanical solutions to our customers with our extensive experience and expertise.

In FY2021, we are proud to report that we received numerous reputable awards from the Building and Construction Authority of Singapore (“BCA”) and customers to acknowledge the quality of our work. This includes Platinum Award for Integrated Digital Delivery for Kallang Polyclinic and Long-Term Care Facility from BCA and Best Subcontractor Award in the Year 2021 from Metallurgical Group Corporation (“MCC Group”).

While providing excellent quality solutions to our customers, we also emphasize building a sustainable business model. We understand that to determine the performance of a Company, one has to look beyond the financial results. Hence, we implemented various initiatives to ensure we contribute to the protection of our environment and society.

The following sections of this report described our sustainability performance and initiative in detail.

Lastly, we would like to confirm that the Board has considered sustainability issues as part of our business strategic formulation, determined the material Environmental, Social and Governance (“ESG”) factors and overseen the management and monitoring of material ESG factors.

ABOUT THIS REPORT

This is the Environmental, Social and Governance (“ESG”) report of Solis Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”). The ESG report aims to provide the stakeholders with a summary of the Group’s environmental and social related impacts arising from its business operations as well as the initiatives implemented to achieve a balance between profitability and sustainability.

REPORTING FRAMEWORK AND BOUNDARY

The ESG report has been prepared in compliance with the ESG Reporting Guide set out in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (“HKEX”). The boundary of this report encompasses our business in the design, build and installation of mechanical and electrical systems for general building construction in Singapore. The reporting period is the fiscal year ending 31 December 2021.

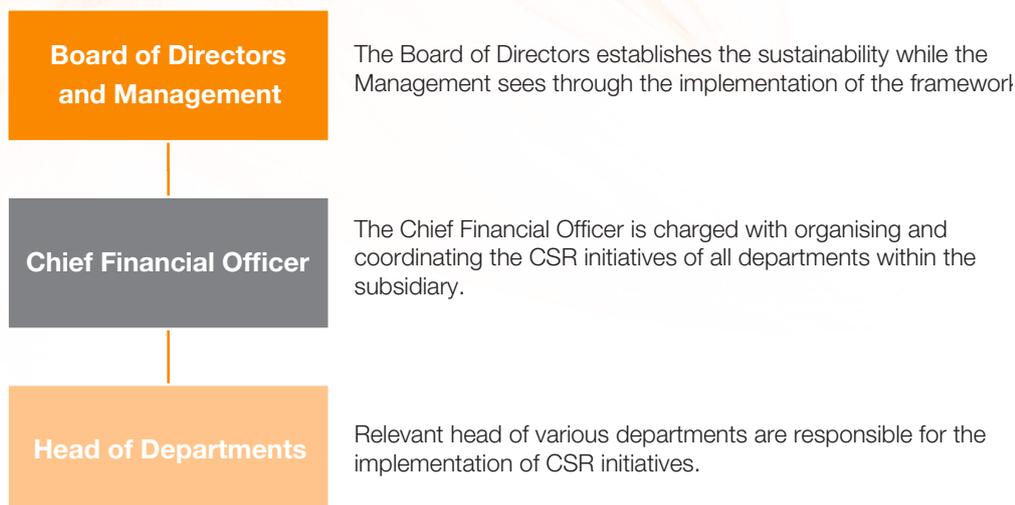
APPROACH TO ESG STRATEGY AND REPORTING

Our management maintains a high level of commitment to ESG strategy and reporting. We always consider the environmental, social and governance risks that are material to our business operations in strategy setting and decision-making processes. We also endeavour to achieve the annual ESG objectives that the management has set at the start of each fiscal year. We provide honest and reliable information in this ESG report that allows our stakeholders to keep track of our progress and achievement during the reporting period. The Board of Directors acknowledges its responsibility for ensuring the integrity of this ESG report. The Board of Directors has reviewed and approved the report. To the best of its knowledge, this report adequately addresses the material issues and fairly presents the environmental and social performances of the Group.

Environmental, Social and Governance Report *(continued)*

ESG GOVERNANCE STRUCTURE

Sustainability is an integrated part of the Group's businesses, and the Group values the opinions of all the stakeholders of the businesses. To ensure the sustainability issues are addressed with the highest level of attention, the Group designed the following ESG Governance Structure to govern the Group's sustainability performance.



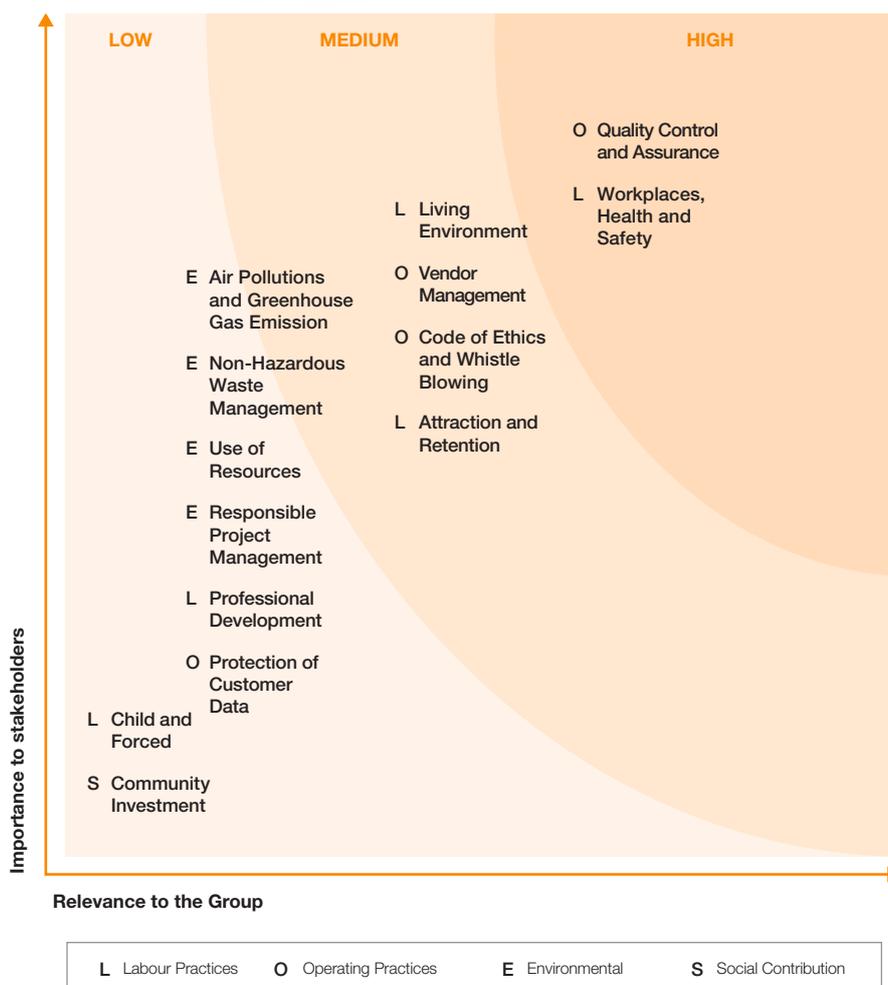
Stakeholder	How we engage	How frequently do we engage	Key feedbacks
Employees	Performance appraisal	Annual	<ul style="list-style-type: none"> Employee safety and health Training and development opportunities Remunerations and welfares Fair and competitive employment practices
	Employee training and development	Ad-hoc	
	Feedback to supervisor	Ad-hoc	
	Site meeting and discussion	Monthly	
Customers	Quality management system	Perpetual	<ul style="list-style-type: none"> High quality and reliability of our services Timely response to customer complaints Data privacy and confidentiality
	Project progress monitoring	Monthly	
	Customer feedback channels	Ad-hoc	
Suppliers	Supplier meetings	Ad-hoc	<ul style="list-style-type: none"> Fair and robust procurement system Prompt payment cycles
Investor	Annual/Extraordinary general meeting	Annual	<ul style="list-style-type: none"> Return on investment Business growth Compliance with listing requirements Timely and transparent reporting
	Financial result announcements	Bi-annual	
	HKEX announcements	Ad-hoc	
	Annual report	Ad-hoc	
Government/ regulatory authorities	Meetings, briefings and regular reporting	Ad-hoc	<ul style="list-style-type: none"> Compliance with laws and regulations Safe working environment Environmentally sustainable business practices
	Correspondences through emails and letters	Ad-hoc	

Environmental, Social and Governance Report (continued)

Stakeholder	How we engage	How frequently do we engage	Key feedbacks
The community	Donations to the local communities ESG reporting	Annual Annual	<ul style="list-style-type: none"> Contribution to the local community Sustainable use of resources Reduction of air and waste pollution

MATERIALITY ASSESSMENT

During the year, meetings and vigorous discussions were carried out by the management to identify key environmental, social and governance issues faced by the Group. We also gathered feedback from different groups of our stakeholders regarding ESG related issues. These issues were then prioritised in order of their importance to stakeholders as well as their impact on the business. Based on the management discussions and stakeholder engagement exercise, 14 key areas that are significantly important to the Group have been selected.



The relevant and required disclosures are presented in the following sections.

Environmental, Social and Governance Report (continued)

ENVIRONMENTAL

The Group's business is mainly involved in the design, build and installation of electrical and mechanical systems for construction projects in Singapore. The nature of work performed by the Group generally results in minimal emissions of air pollutants and greenhouse gases, discharges to water and land, and generations of hazardous and non-hazardous waste. The Group recognises the importance of environmental protection as the starting point for sustainability and continues to minimise the environmental impacts of the business activities via better project management.

Aspect A1: Emissions

Emissions for the Group include Greenhouse Gas ("GHG") (Scope 1) emissions from the use of fuel for the vehicles and generators, GHG (Scope 2) emissions from the use of purchased electricity in the Group's Singapore offices and dormitories for workers. In FY2021, the total GHG emissions of the Group were 152.77 tonnes of carbon dioxide emission ("tCO₂e") (with an intensity of 2.58 tCO₂e per thousand man-hours).

Description	2019	2020	2021	Change	2022 (Target)	Units
GHG emissions (Scope 1)	41.29	25.94	38.66	↑ 49%	37.5	tCO ₂ e
GHG emissions (Scope 2)	73.59	97.98	114.11	↑ 16%	110.70	tCO ₂ e
GHG emissions (Total)	114.88	123.92	152.77	↑ 23%	148.20	tCO ₂ e
GHG emissions intensity	1.34	2.38	2.58	↑ 9%	2.50	tCO ₂ e/000' manhours

In FY2021, the Group's total GHG emissions increased by 23%, with a 49% increase in GHG (Scope 1) emissions and a 16% increase in GHG (Scope 2) emissions. GHG emissions intensity increased by 9% mainly due to Singapore's construction sector had largely recovered from the pandemic in the year 2020 with the ease of restrictions for construction activities in August 2020. The Group expects the activities of the construction sector in Singapore to fully recover from the pandemic in FY2022.

The increase in GHG (Scope 1) emissions was due to the overall increase of projects of the Group in which resulted in more trips by vehicles to transport workers and materials to and from work sites. In FY2021, the Group also leased diesel generators to provide electricity at the remote work sites. No generator was leased in FY2020 due to the lower construction activities carried out by the Group in FY2020. This has contributed to the increase in GHG (Scope 1) emissions.

The Group operates 3 dormitories for workers which incur the use of electricity for domestic purposes. The GHG (Scope 2) emissions increased due to the increase of workers as the Group increases the manpower to support the increase of projects contracted to the Group. As a result, an increased number of workers residing in the dormitories operated by the Group increases the Group's use of electricity.

The Group has complied with all relevant environmental laws in Singapore, where the Group operates. In FY2021, the Group was not in violation of any relevant laws and regulations relating to waste gas or GHG emissions, water or land discharging, and hazardous or non-hazardous wastes.

Environmental, Social and Governance Report (continued)

Air pollutions and GHG emissions

Air and GHG emissions for the Group arise mainly from the use of electricity and diesel in the Group's Singapore office and the use of diesel to support the projects such as the transportation of workers to the worksites and the use of diesel generators to provide electricity to the remote work sites. The Group introduce the various initiative to improve the efficient use of electricity and diesel within the Group while maintaining the high quality of our projects. These initiatives are disclosed in Aspect A2: Use of Resources.



Non-hazardous waste management

The Group does not produce any hazardous waste during the course of business operations. As such, the laws and regulations in Singapore relating to hazardous waste do not have a significant impact on the business.

As a sub-contractor providing electrical and mechanical works, the main non-hazardous waste generated from business activities is unutilised electrical wires. These electrical wires are made out of recyclable materials – Polyvinyl Chloride (“PVC”). At the end of each project, all unutilised wires will be returned to the warehouse and sold to third party vendors where the wires would be stripped down to their raw components for resale or recycling purposes.



The Group place strong emphasis during the planning stage of each project to ensure that the budgeted purchase amounts are in line with the project requirement, thus, reducing the generation of non-hazardous waste.

The Group have also implemented standard procedures to reduce waste resulting from project sites, i.e., bentonite slurries, contaminated mud and waste oil are collected and reconditioned for use whenever practicable. When waste cannot be reused and recycled, they are deposited in accordance with Singapore's statutory requirements such as the Sewerage and Drainage Act 2015.

With all measures taken, we are committed to controlling the amount of waste produced to 5% for all projects undertaken.

Environmental, Social and Governance Report (continued)

Aspect A2: Use of Resources

The Group recognises that efficient use of resources, including energy and water are some of the significant aspects to protect the environment. The Group encourages employees to adopt electricity and water-saving habits in both the office and dormitories to minimise resource wastage. The Group also constantly monitors the fuel consumption of the vehicles.

Description	2019	2020	2021	Change	2022 (Target)	Units
Fuel consumption (Scope 1)	212,361	133,104	186,953	↑ 40%	181,000	kWh
Fuel consumption intensity	2,478	2,559	3,165	↑ 24%	3,070	kWh/000' manhours
Electricity consumption (Scope 2)	118,312	157,530	183,454	↑ 16%	178,000	kWh
Electricity consumption Intensity	1,380	3,029	3,106	↑ 3%	3,012	kWh/000' manhours
Energy Consumption (Scopes 1 & 2)	330,673	290,634	370,407	↑ 27%	359,300	kWh
Energy consumption intensity (Scopes 1 & 2)	3,859	5,589	6,270	↑ 12%	6,082	kWh/000' manhours
Water consumption	17,796	17,020	18,137	↑ 7%	17,600	m ³
Water consumption intensity	208	327	307.03	↓ 4%	300	m ³ /000' manhours

An increase in fuel consumption and an increase in electricity consumption are as explained in Aspect A1 above.

Overall, the Group's energy consumption increased by 27% and energy consumption intensity increased by 12%. The increase in energy consumption intensity was mainly due to the use of diesel generators in FY2021 for the remote work sites.

Water consumption has also increased moderately by 7%. This is mainly due to the increase in domestic water consumption by the workers residing in the dormitories operated by the Group. However, the water consumption intensity was reduced by 4% which represents the improved efficiency of consumption of water resources.

The Group has complied with the relevant laws and regulations in relation to the Group's use of resources during the year under review. In FY2021, resources consumed by the Group have purchased electricity, diesel, water, and paper.

Environmental, Social and Governance Report (continued)

Direct fuel

The Group's fuel consumption is mainly from fuel consumed for the Group's vehicles and generators deployed in the remote work sites. In FY2021, the total diesel vehicle travel mileage was 195,352 kilometres ("km") and the total petrol vehicle travel mileage was 23,531 km. The total kWh used by the Group resulted from the Group's fuel consumption was 186,953 kWh. This represents an increase of 40% compared to FY2020. An increase in fuel consumption is as explained in Aspect A1 above.



To achieve the targets for FY2022, The Group continuously upgrades our vehicles to comply with the latest exhaust emission standards to reduce emissions of air pollutants and vehicles. The Group also ensures the vehicles are in satisfactory condition by subjecting them to regular maintenance and inspections. On average, the vehicles were sent for maintenance at least three times a year in FY2021.

Purchased electricity

The Group's electricity consumption came from regular operations of the office and our dormitories. In FY2021, the total electricity consumption of the Group was 183,454 kWh, an increase of 16% compared to FY2020. An increase in electricity consumption is as explained in Aspect A1 above.



The Group efforts to minimise electricity consumption and meet the Group's targets for FY2022, the Group operate decentralised air conditioning, motion sensors lighting system, LED lighting, as well as utilising energy efficient electrical appliances in offices. Preference is given to energy-efficient electrical appliances that comply with the standards of the National Environment Agency's Tick Rating System which represent lower energy consumption.

Water usage

The Group's water consumption is mainly from domestic water use in offices and dormitories. Water from the dormitories was also transported to the worksites as drinking water for workers. In FY2021, the total water consumption of the Group was 18,137 m³, an increase of 7% compared to FY2020. This was mainly due to the increase in the number of workers residing in the dormitories operated by the Group which in turn increased the domestic water usage. The Group has seen an improvement in efficiency with the reduction of water consumption intensity of 4%.



To further improve the water consumption efficiency and to meet the Group's targets for FY2022, we always advocate conservation habits to our office staff and workers to use water responsibly and reduce unnecessary wastage. To further improve the utilisation efficiency of water resources, the Group adopted measures such as strengthening the inspection and maintenance of water taps and fixing any dripping taps immediately to avoid wastage as well as equipping water-saving equipment in the office and dormitories.

Environmental, Social and Governance Report *(continued)*

Aspect A3: Environment and Natural Resources

Responsible Project Management

We always participate in eco-friendly projects and seek to adopt more sustainable technologies in our projects. The BCA Green Mark Scheme was introduced by the Building and Construction Authority of Singapore (“BCA”) in 2005. It is intended to promote sustainability and raise environmental awareness among developers, designers and builders during all stages of a construction project. It incorporates internationally recognised best practices in environmental design and performance. Buildings that are Green Mark certified to have the properties of (i) reduction in energy, water and material resource usage; (ii) reduction in potential environmental impact; and (iii) indoor environmental quality for better health and well-being. As of 31 December 2021, 100% of the projects undertaken by the Group are all Green Mark certified.

The Group has been steadily increased its adoption of the Design for Manufacturing and Assembly (“DfMA”) concept through the implementation of Cross Laminated Timber (“CLT”)/Glued Laminated Timber (“GluLam”) and Prefabricated Prefinished Volumetric Construction (“PPVC”) technologies in projects. The concept of DfMA is the latest approach to the construction activities that have been introduced in recent years and consists of CLT/GluLam and PPVC technologies to raise construction productivity and reduce negative environmental impacts such as site noise and dust pollution. We will continue to expand the usage of these eco-friendly technologies in our new projects and share our knowledge and experiences with other players in the construction industry.

Aspect A4: Climate Change

As a mechanical and electrical engineering company, our operations are not directly impacted by climate change. However, as part of the construction supply chain, our operations require us to work with the main contractors to ensure the fulfilment of the deliverables. The Group work closely with the main contractors to ensure the Group complete the project on a timely basis as per the timeline. This allows the Group to anticipate the potential impact of climate change (e.g., prolonged monsoon seasons, flash floods etc.) and adjust the operations accordingly.

Social

The Group strives to fulfil its social responsibilities as a corporate citizen of communities and endeavours to establish a harmonious relationship with our employees, customers, and the communities. We care about the well-being and development of employees, ensure a high standard of service responsibility, enhance the transparent relationship with external parties, including customers, and contribute to our community development.

The Group’s social objectives consist of:

- (a) To maintain a conducive and inclusive working culture that attracts and retains talents.
- (b) To provide good quality living conditions for foreign workers that stay in our dormitories.
- (c) To achieve zero work-site incidents.
- (d) To deliver high-quality services and achieve minimum complaints from customers.
- (e) To maintain good records of compliance with the local laws and regulations.

Environmental, Social and Governance Report *(continued)*

Aspect B1: Employment

The Group established employment policies, including recruitment and promotion, compensation and dismissal, working hours, rest periods, benefits and welfare, equal opportunity, diversity, and anti-discrimination.

The human resources policies of the Group strictly adhere to the applicable employment laws and regulations in Singapore, including but not limited to the Employment Act (Cap. 91) and Employment of Foreign Manpower Act (Cap. 91A). The Group also complied with the laws and regulations with respect to the employees' social security schemes (i.e., Central Provident Fund) that are enforced by the Singapore government regarding employee benefits. The human resources department of the Group and its subsidiaries review and update the relevant company policies regularly in accordance with the latest laws and regulations.

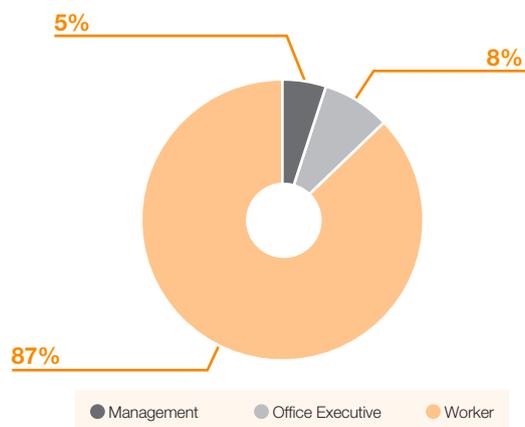
In FY2021, the Group was in compliance with relevant laws and regulations in relation to recruitment and promotion, compensation and dismissal, working hours, rest periods, benefits and welfare, equal opportunity, diversity, and anti-discrimination that have a significant impact on the Group.

Attraction and Retention

The Group endeavours to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, age, or other measures of diversity.

The Group does not practice discrimination against job applicants because of their gender, age, race, religion and etc. The recruitment process is required to include an application for recruitment, description of the position, collection of job applications, interview, selection, approval, and job offers. The Group's recruitment activities are based on merits such as experiences, qualifications, skills and etc.

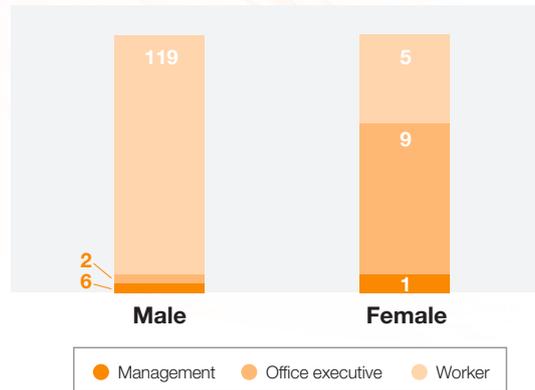
Employee by Grade



Environmental, Social and Governance Report *(continued)*

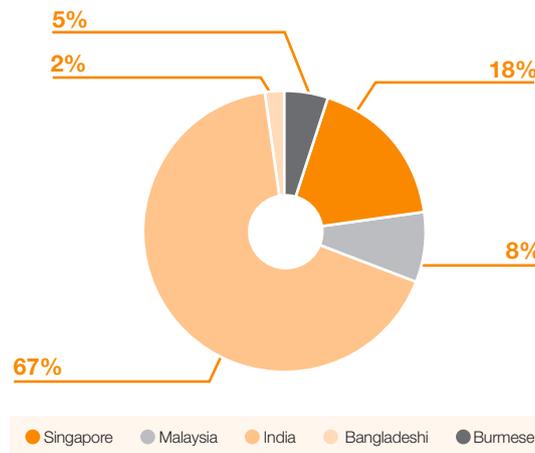
Employees by Gender and Grade

As of 31 December 2021, the proportion of male employees is higher than female employees in the workforce. This was mainly due to the nature of the construction industry. As shown in the chart on the left, the majority of the workers are male and female employees are mostly working as executives and managers.



Employee by Nationality

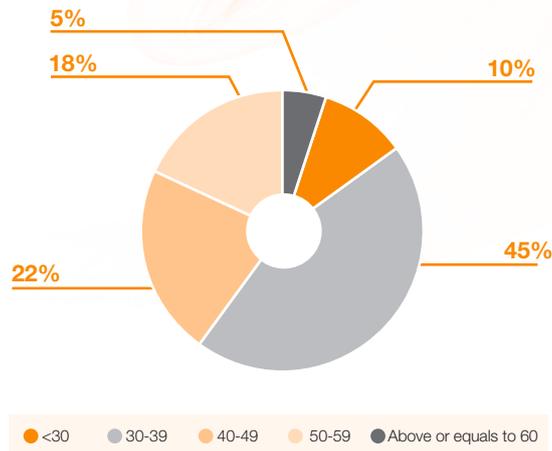
The Group also has high diversity in employees' nationalities as shown in the chart on the left. Due to the nature of the construction industry, most of the Group's employees are foreign workers comprising different nationalities and most of them have the nationality of India.



Environmental, Social and Governance Report *(continued)*

Employee by Age Group

The Group understands the importance of employee age diversity and offers equal employment opportunities to all age groups. Employees regardless of age, contribute expertise and experience to the Group. As shown in the chart on the left, 10% of the employee have the age less than 30 years old, 67% of the employee have the age between 30 years old to 49 years old and 23% of the employee have the aged above 50 years old.



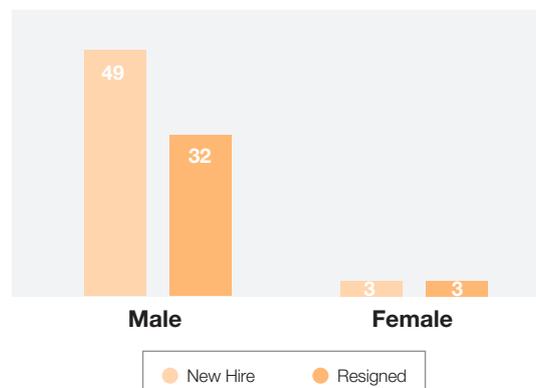
The Group offers competitive remuneration packages and welfare and benefits to attract and retain talents, such as performance incentives, reimbursement of medical expenses, annual leaves, allowances and more. The opportunities of annual bonuses, increments and promotions are provided to employees based on the result of their annual performance appraisals.

Employees' working hours, rest periods, benefits and welfare, including medical insurance, overtime payment, retirement benefits through Central Provident Fund, and statutory leave entitlement, are required to be in compliance with employment or labour laws and regulations.

Employee Turnover by Gender

In FY2021, there are 35 employees who resigned and the majority of them are male foreign workers which consist of 91% of the resigned employee.

Overall, the Group has improved the turnover rate of the employee significantly from 68% in FY2020 to 28% in FY2021.

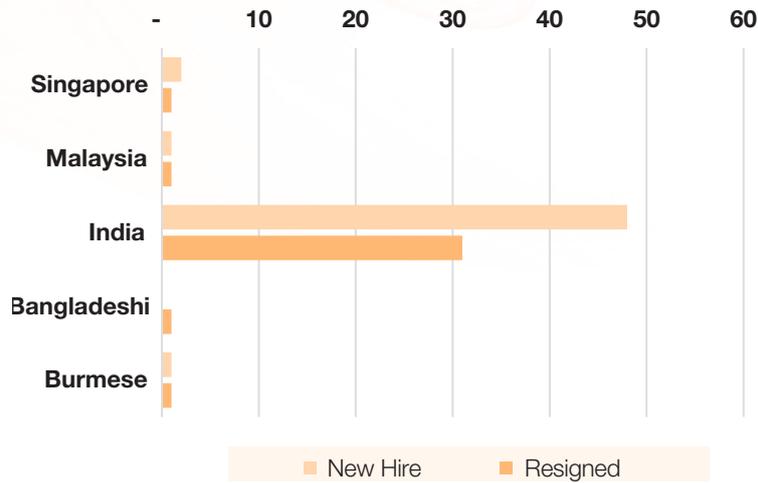


Environmental, Social and Governance Report *(continued)*

Turnover Rate by Geographical Region

In view of the economic recovery from the pandemic, the Group has also increased its pace of recruitment and hiring to meet the increased number of projects the Group. In FY2021, the Group hired a total of 52 new employees.

Due to the nature of the construction industry, about 90% of our new hire and resigned employees are Indian foreign workers.



Turnover Rate by Age Group

The majority of our workforce are aged between 30 to 49 years old. This is represented in the employee turnover by age group as shown in the chart on the left. About 85% of our new hire and resigned employees are aged between 30 to 49 years old.



Environmental, Social and Governance Report *(continued)*

Living Environment

Due to the nature of the construction industry in Singapore, the Group have a large proportion of foreign workers under the employment that carry out site work for the projects. As an employer, we are committed to providing acceptable living conditions for our foreign workers to ensure they have good rest during non-working hours. All dormitories are equipped with good quality facilities such as laundry services, gym equipment, a Wi-Fi network and an entertainment centre. All foreign workers living in the self-managed dormitories are served 4 meals a day.

Foreign workers are among the hardest-hit group by COVID-19 in Singapore. The majority of the COVID-19 infection cases are among foreign workers living in the dormitories. In FY2020, to better prevent the Group's foreign workers from potential exposure to the COVID-19, the Group relocated all foreign workers originally living in the externally-managed dormitories to the Group's self-managed dormitories located at 14 Tagore Lane and 85 Tagore Lane.

The Group implemented the measures below to prevent the spread of COVID-19 among the Group's foreign workers:

- Equip all dormitories with an isolation ward, sickbay and isolated toilet for isolation purposes, if required.
- Adjust the dormitory layouts to ensure all bedders are at least 1 metre apart.
- Monitoring the temperature of the foreign workers on a daily basis.
- Monitoring the movement of foreign workers during the Circuit Breaker to reduce the human-to-human interactions.
- Workers who are feeling unwell will be sent to the nearest clinic at the Group's expenses
- Private transportation is provided to foreign workers who visit the swab test centre for the routine COVID-19 swab test conducted by the Ministry of Manpower ("MOM")
- Supply of hand sanitisers for each separate dormitory and a mini hand sanitiser for each worker.
- Rearrange the dormitory to ensure workers working at the same worksite live in the same dormitory.
- Supplemental foods (e.g., herbal drinks) were supplied to foreign workers to strengthen their immune systems.
- Costs of self-quarantine and swab test will be bound by the Group for employee return from foreign countries.

The Group continues the measures above in FY2021 to continue to protect our workers from contacting the COVID-19.

Furthermore, Singapore experienced an increase in COVID-19 daily infection cases in late 2021. In October 2021, the Group took precautions and performed thorough disinfection in our office building and dormitories upon detecting the increased number of infection cases reported among our foreign workers living in our dormitories. Together with the measures above, the Group successfully reduced the infections cases in our dormitories and prevented our operations from being disrupted by this wave of COVID-19 infections.

Environmental, Social and Governance Report *(continued)*

Aspect B2: Health and Safety

Workers' health and safety are the Group's priority in its day-to-day project management. We are committed to providing a safe working environment and protecting employees from occupational hazards.

The Group has established occupational safety and health policies that are in line with various laws and regulations in Singapore, including but not limited to the Workplace Safety and Health Act (Cap. 354A).

In FY2021, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Workplaces' health and safety

The Group strives to provide a high-quality working environment for its employees and has established a series of policies according to the ISO 9001:2015, ISO14001:2015, ISO 45001:2018 and BizSAFE Level STAR for a safe working environment and protecting employees from occupational hazards. In FY2021, the Group did not have any non-compliances with the laws and regulations relating to workplace safety and health.

The Group has effectively established and implemented its Quality, Health, Safety and Environment in one Management System ("QHSEMS"). Guidelines over safety conducts have been formalised in the QHSEMS, such as electrical safety, working at height, hot work operations, use of machinery and tools and etc. The QHSEMS has three main stages relating to workplace health and safety – planning, implementation and enhancement.

At the project planning stage, the Group conducts hazard identification and risk assessment exercise to ensure all areas of safety and health concerns are identified and mitigated with precautionary measures. During the execution of each project, the Group appoints a well-experienced safety supervisor to monitor and rectify any unsafe behaviours at the project site. The Group has a total of seven qualified first aiders with valid first aid certificates. The Group has been adopting technologies to reduce the safety risks faced by our workers in the construction projects, such as PPVC technology, DfMA and CLT/GluLam.

The Group understands that safety awareness among workers is key to maintaining a safe workplace. To enhance workers' awareness of workplace safety, the Group conducts frequent internal training to evaluate fatality cases in the construction industry that are announced by the Workplace Safety and Health ("WSH") Council or published in the local media.

In FY2021, there is no serious work injuries or fatal incidents reported during FY2021. However, the Group reported 2 cases of minor work injury with a total of 11 lost days. These cases are related to minor work injuries such as slips, trips and falls, as well as accidental injured by moving materials. An emergency response team has been deployed to take care of the injured workers and these workers have since fully recovered.

Description	2019	2020	2021	Units
Number of serious incidents	0	0	0	Number
Serious incident rate	0	0	0	Number/000' manhours
Number of workplace injuries	0	0	2	Number
Workplace injury rate	0	0	0.003%	Number/000' manhours
Lost days due to work injury	0	0	11	Days

Environmental, Social and Governance Report *(continued)*

Aspect B3: Development and Training

The Group is committed to providing adequate training to our employees to improve their knowledge and skills for discharging duties at work. Training includes vocational training courses provided internally or externally and paid for by the Group.

Professional development

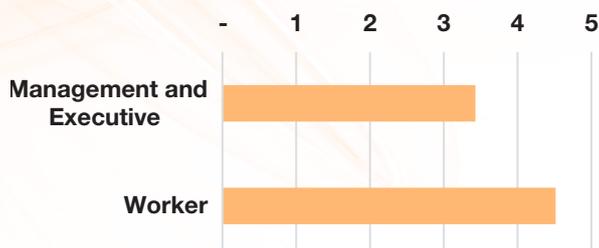
The Group believes that continuous development of employees' knowledge and skills are crucial to strengthen the competitiveness of our business. The Group strives to train and develop each employee to his or her fullest potential for career advancement. Training courses will be identified for employees to attend based on the evaluation and needs analysis. These training courses usually include compulsory training required by the BCA and the MOM for the industry sector such as renewal of required licenses and certifications, workplace health and safety-related courses and etc. The Group's office executives and management team are also encouraged to attend any external courses that will broaden their skills and knowledge. The following are the key training courses attended by the Group's employees:

- Antigen Rapid Test ("ART") swabbing & supervision for the built environment
- Apply workplace safety and health on the construction site
- BizSafe 2 – develop a risk management implementation plan
- CET for coretrade
- Manage workplace safety and health on construction site ("MWSHCS")
- Operate scissor lift
- Safe management officer
- Supervise construction work for workplace safety and health
- The practical approach to handling liquidated damages and final retention sum payment

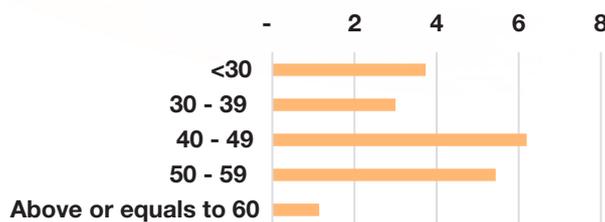
In FY2021, there were a total of 60 employees who attended the training courses. Most of the attendees were workers as they make up the majority of the Group's workforce. The average number of training hours per staff was 3.43 hours for management and executive and 4.51 hours for management and executive staff. The Group also emphasizes providing training opportunities equally based on the age of the employee. The Group invested a significant amount of training resources for employees aged between 40 to 59 years old to ensure that these employees were equipped with new knowledge.

Environmental, Social and Governance Report (continued)

Average Training Hours by Grade



Average Training Hours by Age Group



Aspect B4: Labour Standards

The Group is committed to protecting human rights, prohibiting forced labour, and creating a workplace with fairness, respect, and free will for our employees.

The Group strictly abides by the Employment Act (Cap. 91) and Employment of Foreign Manpower Act (Cap. 91A), and other related labour laws and regulations in Singapore, to prohibit any child and/or forced labour employment.

In FY2021, the Group was not in violation of any of the relevant laws and regulations, in relation to the prevention of child and forced labour that has a significant impact on the Group.

Child and forced labour

In accordance with Singapore's Employment (Children and Young Persons) Regulations 2000, no child who is below the age of 13 years shall be employed in any occupation. Singapore also implemented the Prevention of Human Trafficking Act in 2014, where any person who recruits, transports, transfers, harbours or receives an individual by any means of coercion or a child (below the age of 18) for the purpose of exploitation shall be guilty of an offence. The legislations are enforceable for all businesses operating in Singapore.

The Group has put in place internal policies and robust controls over manpower recruitment activities. The Human Resource department is responsible for checking and verifying the background, identity and qualification of each new hire. An official employment contract is entered for new hires and the right type of work pass issued by MOM is obtained for foreign workers. In FY2021, the Group did not hire any child labour or forced labour, free-lance or illegal workers.

In addition, the Group has formal procedures in place to eliminate illegal labour practices if discovered, including escalation, investigation, reporting to authorities, rectification actions and etc.

Environmental, Social and Governance Report *(continued)*

Aspect B5: Supply Chain Management

Supply chain management is a key area of our business, which includes managing the environmental and social risks of the supply chain. As an enterprise with a keen sense of social responsibility, it is critical and vital for the Group to maintain and manage a sustainable and reliable supply chain that takes environmental and societal impact into consideration. As an electrical and mechanical engineering company, the key materials that we use in our projects are electrical cables, switch gears, electrical components, low voltage systems and lighting and etc.

Vendor Management

Our vendor management policies and procedures have been formalised in the Quality, Health, Safety and Environmental Management System (“QHSEMS”). These policies help to ensure consistency in our quality control processes over the goods and services received.

The Group’s criteria of vendor assessment are mainly product quality (i.e., meet test requirements), price competitiveness, certifications and awards, delivery schedules, response to instructions and etc. Before project commencement, new vendors are assessed based on the set of criteria prior to acceptance to the Approved Vendor List (“AVL”). After project completion, vendors that have been used in the project are evaluated based on the set of criteria prior to their retention in the AVL.

To minimise disruption of our operations, we maintain a sufficiently large base of vendors. As of 31 December 2021, there is a total of 145 active vendors in our AVL. As such, the Group does not excessively rely on a small number of vendors and can always engage alternative vendors to achieve price competitiveness and supply continuity. Additionally, all of these suppliers are local suppliers which are subjected to the Group’s continuous supplier performance evaluation.

The Group did not make environmental and social impacts the compulsory areas of assessment for vendors. However, new vendors with environmental certificates such as ISO 14001:2015 will have the greater advantage of being selected. Existing vendors with the negative press of environmental and social impacts, such as excessive pollution/discharges to the environment, exploitation of workers, and damage to the communities would be reviewed for relationship termination.

Aspect B6: Product Responsibility

The quality and reliability of our products and services are fundamental for us to secure more projects and sustain business in the long run. The Group’s management always endeavours to provide the best quality of electrical and mechanical installation work done for our customers.

With regards to the Group’s product health and safety, advertising, and privacy management, the Group is strictly in compliance with the related rules and regulations in Singapore as stated below.

In FY2021, the Group was not in violation of any relevant laws and regulations regarding product health and safety, advertising and privacy matters of its projects that may have a significant impact on the Group.

Environmental, Social and Governance Report *(continued)*

Quality control and assurance

In Singapore, the legislations for the construction industry are enforced by the BCA, such as the Building Control Act. In FY2021, the Group did not have any non-compliances with the laws and regulations enforced by BCA. Other than the BCA licenses, the Group has other industrial related certificates such as bizSAFE Level STAR certificates, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certificates.

The Group's QHSEMS has established guidelines over quality control and assurance processes, which are mainly comprised of project quality plan, monitoring and control and handover inspection. Prior to the commencement of each project, a project quality plan detailing the specific quality elements will be prepared based on the customer's specifications.

A Quality Assurance and Quality Control ("QAQC") officer is appointed for each of our projects, who will perform quality control monitoring and inspection works on a daily basis. Before handover of the end-work to a customer, a final quality inspection which includes testing and commissioning of the installed M&E systems is carried out to identify and rectify defective works.

The Group has formalised procedures in place to address customer complaints received in the defect liability period. The project manager in charge shall be responsible for investigating the root causes of the complaints, following up with the customer to provide solutions, carrying out the ratification works, and reassuring customers of the results. In FY2021, the Group did not receive any significant complaints about completed projects. All minor complaints received from customers were timely resolved to customer satisfaction.

Protection of customer data

In Singapore, all companies need to comply with the Personal Data Protection Act 2012 ("PDPA"), legislation that governs the collection, use, disclosure and protection of personal data. The Group has established a Personal Data Protection Policy to ensure compliance with PDPA for personal data collected from our employees, customers and suppliers. In FY2021, the Group did not have any reported cases of non-compliance with the PDPA.

The Group has also established guidelines for employees to handle and protect confidential data with care in the Group's code of conduct. Data security measures are put in place to protect the Group's confidential data, such as employees' personal and payroll information, each project's tendering price, cost budget, contract, progress reports and billings to customers, vendors' purchase contracts and orders and etc. Employees' access rights to the systems and shared drives are assigned on a need-to-know basis. The Accounts, Human Resources and Projects' data are backed-up on a monthly basis to password-protected external hard disks. The network environment is protected with an updated firewall and anti-virus software. The server room is equipped with adequate physical controls.

Furthermore, with the implementation of the Work-from-Home ("WFH") arrangement encouraged by the Singapore government to cope with the spread of COVID-19, a significant number of our office employees were put on a WFH arrangement during FY2021. To support the implementation of WFH, the Group invested in the implementation of a Virtual Private Network ("VPN") in November 2021. The implementation of VPN allows our employees to access our ACCPAC system (i.e., accounts and purchases system) remotely and securely.

Environmental, Social and Governance Report *(continued)*

Aspect B7: Anti-Corruption

The Group places great emphasis on business integrity and does not tolerate any form of bribery, extortion, fraud, money laundering or other corrupt practices.

In FY2021, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Code of ethics and whistleblowing

In Singapore, legislations relating to bribery, extortion, fraud and money laundering are stringent, including the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefit) Act enforced by the Commercial Affairs Department and Anti-Money Laundering and Countering the Financing of Terrorism (“AML/CFT”) regime under the purview of the Monetary. In FY2021, there were no legal cases regarding corrupt or money laundering practices brought against the Group or any employees, officers or directors.

Guidelines on the standards of practices that all directors, officers and employees should abide by have been established in the Group’s Code of Conduct, covering areas such as conflicts of interests, insider trading, and money-laundering prevention, among others. Harsh disciplinary action will be meted out to anyone who defies the Code of Conduct.

The Group has also established a whistle-blowing policy that formalises procedures for raising and reporting concerns, responding to concerns raised, protecting the whistle-blowers, and investigating and follow-up actions. Any suspected wrongdoings and improprieties that fall within the scope of the policy shall be reported to the Group’s whistle-blowing officers, who are the independent directors of the Board. In FY2021, there were no whistle-blowing cases reported to the Board.

Aspect B8: Community Investment

The Group understands the importance of making a positive contribution to the communities where the Group operates and sees the interests of the communities as one of its social responsibilities. The Group is committed to promoting the economic development and living environment of the community and seeks to help individuals and organisations within the community.

Community investment

The Group has always placed a significance on giving back to society to help the less-privileged groups. The Group usually make donations in the form of cash donations, sponsorship of charity events or cultural events, or donations of daily necessities to charitable organisations in need. In FY2021, the Group made a total donation amount of S\$7,144 to charitable organisations below:

S/N	Charitable organisation	Nature	Method of donation	Value (S\$)
1	Prabhupad Yoga Meditation Centre	Culture	Cash donation	3,000
2	Hong Eng Dragon/Lion Dance Centre (1998)	Society development	Cash donation	1,100
3	Hong Eng Dragon/Lion Dance Centre (1998)	Society development	Foods	3,144
			Total	7,244

Environmental, Social and Governance Report *(continued)*

Appendix A: ESG Reporting Guide Content Index

The ESG Reporting Guide Content Index references the Solis Holdings Limited Environmental, Social and Governance Report 2021.

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section reference and remarks
A: Environmental		
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	• Aspect A1
KPI A1.1	The types of emissions and respective emissions data.	• Aspect A1
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	• Aspect A1
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	• Aspect A1
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	• Aspect A1
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	• Aspect A1
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps are taken to achieve them.	• Aspect A1

Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section reference and remarks
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources including energy, water and other raw materials	• Aspect A2
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	• Aspect A2
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	• Aspect A2
KPI A2.3	Description of energy use efficiency target(s) set and steps are taken to achieve them.	• Aspect A2
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	• Aspect A2
KPI A2.5	The total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	• Not applicable
Aspect A3: Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	• Aspect A3
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	• Aspect A3
Aspect A4: Climate Change		
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	• Aspect A4
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	• Aspect A4

Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section reference and remarks
B: Social		
Employment and Labour Practices		
Aspect B1: Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	• Aspect B1
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region	• Aspect B1
KPI B1.2	Employee turnover rate by gender, age group and geographical region	• Aspect B1
Aspect B2: Health and Safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	• Aspect B2
KPI B2.1	The number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	• Aspect B2
KPI B2.2	Lost days due to work injury.	• Aspect B2
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	• Aspect B2

Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects,	Description	Section reference and remarks
Aspect B3: Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	• Aspect B3
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	• Aspect B3
KPI B3.1	The average training hours completed per employee by gender and employee category	• Aspect B3
Aspect B4: Labour Standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	• Aspect B4
KPI B4.1	Description of measures to review employment practices to avoid the child and forced labour.	• Aspect B4
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	• Aspect B4

Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section reference and remarks
Operating Practices		
Aspect B5: Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain	• Aspect B5
KPI B5.1	Number of suppliers by geographical region	• Aspect B5
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	• Aspect B5
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• Aspect B5
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	• Aspect B5
Aspect B6: Product Responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	• Aspect B6
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	• Aspect B6
KPI B6.2	The number of products and service-related complaints received and how they are dealt with.	• Aspect B6
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	• Aspect B6

Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section reference and remarks
KPI B6.4	Description of quality assurance process and recall procedures	• Aspect B6
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	• Aspect B6
Aspect B7: Anti-Corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	• Aspect B7
KPI B7.1	The number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	• Aspect B7
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	• Aspect B7
KPI B7.3	Description of anti-corruption training provided to directors and staff.	• Aspect B7
Community		
Aspect B8: Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	• Aspect B8
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	• Aspect B8
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	• Aspect B8

Independent Auditor's Report

Independent Auditor's Report to the Members of Solis Holdings Limited

Report on the Audit of the Consolidated Financial Statements

QUALIFIED OPINION

We have audited the accompanying consolidated financial statements of Solis Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 76 to 141, which comprise the consolidated statement of financial position of the Group 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 of the Group for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") approved by the International Accounting Standards Board (the "IASB") and 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 financial year ended on that date.

BASIS FOR QUALIFIED OPINION

Financial asset at fair value through profit or loss

As disclosed in Notes 3 and 16 to the consolidated financial statements, the Group acquired 49% unquoted equity interest in the issued shares of D.D. Resident Co., Ltd (the "investee") on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to S\$10,069,000). The investee is a limited liability company incorporated in Thailand, which is the owner and operator of a hotel property, Aiyaree Place Hotel in Pattaya, Thailand. The Group recorded the investment as financial asset at fair value through profit or loss ("FVTPL") in the consolidated financial statements as at 31 December 2020 and 31 December 2021. As at 31 December 2021, the investment is carried at fair value of S\$4,326,000, and a fair value loss on FVTPL amounting to S\$5,743,000 is recognised in the profit or loss.

Due to inability to obtain sufficient appropriate audit evidence and in view of the lack of new development during current financial year as described in Note 16, we are unable to conclude as to whether the investment of 49% equity interest in the investee should be classified as financial asset at fair value through profit or loss and accounted for in accordance with IFRS 9 *Financial Instruments* or as investment in associated company and equity accounted for in accordance with IAS 28 *Investments in Associates and Joint Ventures*. We are also unable to determine the potential adjustments to and disclosures in the consolidated financial statements for the financial year ended 31 December 2021 and 31 December 2020 should the investment be classified and accounted for as an investment in associated company. In addition, we are unable to satisfy ourselves and we are unable to determine the extent of adjustments and additional disclosures necessary in respect of the fair value of the unquoted equity shares and the fair value loss recognised in profit or loss for the investment to be appropriately measured in accordance with IFRS 9 *Financial Instruments*, including those presented as corresponding figures.

Independent Auditor's Report *(continued)*

Independent Auditor's Report to the Members of Solis Holdings Limited *(continued)*

Report on the Audit of the Consolidated Financial Statements *(continued)*

BASIS FOR QUALIFIED OPINION *(continued)*

Financial asset at fair value through profit or loss *(continued)*

Furthermore, our audit opinion on the consolidated financial statements for financial year ended 31 December 2020 was qualified as we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriateness of the accounting and measurement of the option to acquire additional 51% interest from the Thai Shareholder ("Option") as described in Note 16 to the consolidated financial statements. Our opinion on the current year's consolidated financial statements is also modified because we are unable to determine the potential adjustment and disclosures that would be required in the current year's consolidated financial statements with respect to the expiry of the Option in the current financial year.

The consolidated financial statements for the financial year ended 31 December 2020 were qualified for the same reason as stated above.

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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTER

Key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements for the financial year ended 31 December 2021. The matter was 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 this matter. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matter below to be the key audit matter to be communicated in our report.

Revenue recognition from construction contracts

As disclosed in Notes 2.21 and 4 to the financial statements, the Group principally generates construction contract revenue from designing, building and installation of mechanical and electrical systems. The Group recognised revenue from construction contracts of S\$14,638,000 for the financial year ended 31 December 2021.

The Group recognises revenue over time by reference to the Group's progress towards completing the construction in accordance with IFRS 15 *Revenue from Contracts with Customers*.

The stage of completion was measured by reference to the percentage of the contract costs incurred to-date to the estimated total contract costs. Management has determined that the input method is an appropriate measure of the progress towards complete satisfaction of the performance obligation.

Independent Auditor's Report *(continued)*

Independent Auditor's Report to the Members of Solis Holdings Limited *(continued)*

Report on the Audit of the Consolidated Financial Statements *(continued)*

KEY AUDIT MATTER *(continued)*

Revenue recognition from construction contracts *(continued)*

As disclosed in Note 3 to the consolidated financial statements, the estimation uncertainty and subjectivity involved in determining the total expected costs to satisfy the performance obligation may have a significant impact on the revenue of the Group.

Revenue recognition from construction contracts is considered a key audit matter due to the significance of revenue to the consolidated financial statements and the assessment in determining the stage of completion requires application of judgement and use of estimates by management.

Our procedures to address the key audit matter:

We performed the following audit procedures to address the revenue recognition:

- Obtained and updated an understanding of the Group's revenue recognition policies in accordance with IFRS 15 *Revenue from Contracts with Customers*.
- Evaluated the Group's procedures and processes for recognising revenue from contracts with customers and assessed the basis for the identification of performance obligations. These include examination of project documents and review, on a sample basis, contractual terms and conditions and discussion with management on the performance obligations identified.
- Obtained an understanding and performed test of design and implementation over key financial controls over management's budgeting process and tested their effectiveness.
- Reviewed the contractual terms, discussed the status of the on-going projects with the project team and assessed the reasonableness of management's assumption on total estimated cost to complete and percentage of completion.
- Reviewed the projects undertaken by the Group and assessed the need for provision of onerous contract.
- Verified the actual contract costs incurred and checked the computation of the percentage of completion.
- Performed cut-off procedure to determine whether the contract cost and revenue is properly taken up in the correct accounting period.
- Assessed the adequacy and appropriateness of the disclosure notes made in the financial statements in accordance with the disclosure requirements of IFRS 15.

Independent Auditor's Report (continued)

Independent Auditor's Report to the Members of Solis Holdings Limited (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the 2021 Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we are unable to obtain sufficient appropriate evidence about the classification and measurement of the Group's investment in financial asset at fair value through profit or loss and the potential adjustment and disclosure with respect to the expiry of the option to acquire additional 51% interest from the Thai Shareholder in the consolidated financial statements as at 31 December 2021. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

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 IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report *(continued)*

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. 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 management.
- Conclude on the appropriateness of management's 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 those charged with governance 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.

Independent Auditor's Report *(continued)*

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

We also provide those charged with governance 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 described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Baker Tilly TFW LLP

Public Accountants and

Chartered Accountants

Singapore

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
Revenue	4	14,638	7,169
Cost of services		(11,610)	(7,203)
Gross profit/(loss)		3,028	(34)
Other income	5	938	1,883
Other (losses)/gains – net	6	(3,655)	13
Administrative expenses		(4,314)	(4,991)
Loss before tax	8	(4,003)	(3,129)
Tax expense	9	–	–
Loss for the year		(4,003)	(3,129)
Other comprehensive income/(loss):			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Fair value loss of financial assets at fair value through other comprehensive income – debt securities	15	(73)	–
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Surplus/(deficit) on revaluation of freehold property	12	1,119	(11)
Deferred tax expense relating to surplus on revaluation of freehold property	24	(229)	–
Surplus on changes in fair value of intangible assets	14	44	9
Fair value loss of financial assets at fair value through other comprehensive income – equity securities	15	(83)	(30)
Other comprehensive income/(loss) for the year, net of tax		778	(32)
Total comprehensive loss for the year		(3,225)	(3,161)
Loss attributable to:			
Owners of the Company		(4,002)	(3,129)
Non-controlling interest		(1)	–*
Loss for the year		(4,003)	(3,129)
Total comprehensive loss attributable to:			
Owners of the Company		(3,224)	(3,161)
Non-controlling interest		(1)	–*
Total comprehensive loss for the year		(3,225)	(3,161)
Loss per share of the Company (expressed in Singapore cents per share)			
Basic and diluted	10	(0.44)	(0.34)

* Amount is less than S\$1,000.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
Non-current assets			
Property, plant and equipment	12	14,451	25,305
Investment property	13	–	4,177
Intangible assets	14	248	204
Financial assets at fair value through other comprehensive income	15	9,641	120
Financial asset at fair value through profit or loss	16	4,326	10,069
Total non-current assets		28,666	39,875
Current assets			
Trade receivables	17	905	883
Other receivables, deposits and prepayments	18	332	368
Contract assets	19	3,020	1,932
Inventories	20	119	–
Financial assets at fair value through other comprehensive income	15	247	–
Amount due from ultimate holding company	22	–	98
Pledged fixed deposit	23	211	210
Cash and cash equivalents	23	13,955	16,599
Non-current asset held for sale	21	18,789 9,044	20,090 –
Total current assets		27,833	20,090
Total assets		56,499	59,965
Non-current liabilities			
Deferred tax liabilities	24	229	–
Current liabilities			
Trade payables and trade accruals	25	1,660	1,996
Other payables and accrued expenses	26	4,069	3,597
Contract liabilities	19	1,688	2,293
Total current liabilities		7,417	7,886
Total liabilities		7,646	7,886
Net assets		48,853	52,079
Equity and reserves			
Share capital	27	1,585	1,585
Share premium	27	34,440	34,440
Retained earnings		1,634	5,608
Reserves	28	11,197	10,448
Equity attributable to owners of the Company		48,856	52,081
Non-controlling interest		(3)	(2)
Total equity		48,853	52,079

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

Attributable to owners of the Company										
					Revaluation reserve for intangible assets	Revaluation reserve for financial asset at FVOCI	Revaluation reserve for PPE	Total	Non- controlling interests	Total equity
Note	Share capital S\$'000	Share premium S\$'000	Retained earnings S\$'000	Merger reserve S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2020	1,454	26,697	8,737	1,500	24	134	8,822	47,368	(3)	47,365
Loss for the financial year	-	-	(3,129)	-	-	-	-	(3,129)	-*	(3,129)
Other comprehensive income/(loss) for the year	-	-	-	-	9	(30)	(11)	(32)	-	(32)
Total comprehensive income/(loss) for the year	-	-	(3,129)	-	9	(30)	(11)	(3,161)	-*	(3,161)
Issuance of shares	27	131	7,743	-	-	-	-	7,874	-	7,874
Incorporation of a subsidiary	-	-	-	-	-	-	-	-	1	1
Balance at 31 December 2020 and 1 January 2021	1,585	34,440	5,608	1,500	33	104	8,811	52,081	(2)	52,079
Loss for the financial year	-	-	(4,002)	-	-	-	-	(4,002)	(1)	(4,003)
Other comprehensive income/(loss) for the year	-	-	-	-	44	(156)	890	778	-	778
Total comprehensive (loss)/income for the year	-	-	(4,002)	-	44	(156)	890	(3,224)	(1)	(3,225)
Transfer upon disposal of property	-	-	29	-	-	-	(29)	-	-	-
Increase in ownership of a subsidiary	11	-	(1)	-	-	-	-	(1)	-*	(1)
Balance at 31 December 2021	1,585	34,440	1,634	1,500	77	(52)	9,672	48,856	(3)	48,853

* Amount is less than S\$1,000.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
Cash flows from operating activities			
Loss before income tax		(4,003)	(3,129)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		422	501
Gain on disposal of property, plant and equipment		(1,610)	(79)
Interest income		(184)	(74)
Dividend income		–	(2)
Revaluation deficit on property		–	17
Fair value (gain)/loss on investment property		(478)	49
Fair value loss on financial asset at fair value through profit or loss	16	5,743	–
Unrealised exchange gains		(15)	(30)
<hr/>			
Operating cash flows before movement in working capital		(125)	(2,747)
<i>Changes in working capital:</i>			
Trade receivables		(22)	2,068
Other receivables, deposits and prepayment		159	(146)
Contract assets		(1,088)	1,207
Inventories		(119)	–
Trade payables and trade accruals		(336)	(714)
Other payables and accrued expenses		502	98
Contract liabilities		(605)	2,293
<hr/>			
Cash (used in)/generated from operations		(1,634)	2,059
Income tax paid		–	(34)
<hr/>			
Net cash (used in)/generated from operating activities		(1,634)	2,025
<hr/>			
Cash flows from investing activities			
Incorporation of a subsidiary by non-controlling interests		–	1
Amount due from ultimate holding company		98	(90)
Purchases of property, plant and equipment	A	(618)	(1,623)
Proceeds from disposal of property, plant and equipment		9,390	332
Dividends received		–	2
Interest received		61	74
Movement in pledged fixed deposit		(1)	–
Purchase of financial assets at fair value through other comprehensive income		(9,924)	–
<hr/>			
Net cash used in investing activities		(994)	(1,304)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows (continued)

For the financial year ended 31 December 2021

	<i>Note</i>	2021 S\$'000	2020 S\$'000
(Decrease)/increase in cash and cash equivalents		(2,628)	721
Cash and cash equivalents at beginning of the financial year		16,599	15,888
Effects of foreign exchange rate changes on the balance of cash held in foreign currency		(16)	(10)
Cash and cash equivalents at end of the financial year	<i>23</i>	13,955	16,599
Note A-Purchase of property, plant and equipment ("PPE")			
Aggregate cost of PPE acquired	<i>12</i>	618	207
Add: Payables for PPE at 1 January		-	1,416
Net cash outflow for purchase of PPE		618	1,623

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 June 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is at Room 1302, 13/F., Perfect Commercial Building, No. 20 Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong. The head office and principal place of business of the Group in Singapore is at 85 Tagore Lane, Singapore 787527.

The Company is a subsidiary of HMK Investment Holdings Limited ("HMK"), a company incorporated in the British Virgin Islands ("BVI") which is also the Company's ultimate holding company. Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng jointly controls the ultimate holding company and are the controlling shareholders of Solis Holdings Limited and its subsidiaries (the "Group") (together referred to as the "Controlling Shareholders").

The Company is an investment holding company. The Company's operating subsidiary (collectively, the "Group") is principally engaged in designing, building and installations of mechanical and electrical systems.

The shares of the Company were listed on Main Board of the Stock Exchange of Hong Kong Limited by way of placing and public offer on 11 December 2017.

The consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are presented in Singapore dollar ("S\$"), which is the Company's functional currency. All financial information presented in Singapore dollar are rounded to the nearest thousand ("S\$'000") except when otherwise indicated. The financial statements have been prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and International Financial Reporting Standards (International) ("IFRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRSs requires the use of 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 and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Use of estimates and judgements

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards

In the current financial year, the Group has adopted all the new and revised IFRSs and International Financial Reporting Interpretations Committee Interpretations ("IFRIC INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and IFRIC INT.

The adoption of these new and revised IFRSs and IFRIC INT did not have any material effect on the financial results or position of the Group.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

Business combinations

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

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

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

Business combinations (continued)

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

(c) Group companies

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

2.5 Property, plant and equipment

Land and buildings are initially recorded at cost. Freehold land are subsequently stated at revalued amount less accumulated impairment losses. Buildings are subsequently carried at revalued amounts less accumulated depreciation and accumulated impairment losses. Their fair values are determined by an independent professional valuer every year and whenever their carrying amounts are likely to differ materially from their fair values.

Other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Property, plant and equipment *(continued)*

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset. Any increase in the carrying amount arising from revaluation is recognised in other comprehensive income and accumulated in equity under the revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances, the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss; any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

Depreciation

No depreciation is provided on freehold land.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

Plant and machinery	2 – 8 years
Buildings	21 – 30 years
Computer and software	3 years
Office equipment	2 – 6 years
Motor vehicles	6 years
Renovations, furniture and fittings	6 – 8 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Investment property

Investment property is held to earn rental income and/or for capital appreciation.

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

Cost includes expenditure that is directly attributable to the acquisition of the investment property. Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.7 Intangible assets

Intangible assets are carried at revalued amounts, being their fair value at the date of the revaluation. Any revaluation increase arising from revaluation of intangible assets is recognised in other comprehensive income and accumulated in reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy above.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Financial assets

(a) Recognition and derecognition

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

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

(b) Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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

- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”); and
- Fair value through profit or loss (“FVTPL”).

The classification is based on the entity’s business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

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

(c) Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents, pledged fixed deposit, trade and other receivables (excluding prepayments) and quoted debt securities. There are three subsequent measurement categories, depending on the Group’s business model for managing the asset and cash flow characteristics of the asset:

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

(c) Subsequent measurement *(continued)*

Debt instruments (continued)

Fair value through other comprehensive income ("FVOCI")

The Group measures debts instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual 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.

Movements in fair values for debts instruments at FVOCI are recognised in other comprehensive income and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment and presented in "other income/expense". Interest income from these financial assets is recognised in profit or loss using the EIR method.

Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise.

For equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Group may make an irrevocable election (on an investment by investment basis) to designate equity investments as at FVOCI. The Group has designated certain equity investments that are not held for trading as at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss except for equity investment designated at FVOCI which would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

(d) Impairment

The Group recognises an allowance for expected credit losses (“ECLs”) for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a “12-month ECL”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a “lifetime ECL”).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset 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.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs, other direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.12 Non-current asset held for sale

Non-current asset is classified as asset held for sale and stated at the lower of carrying amount and fair value less costs to sell if its carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The asset is not depreciated or amortised while it is classified as held for sale.

2.13 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include bank deposits with banks, cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged fixed deposit.

2.14 Share capital

Ordinary shares are classified as equity attributable to the equity holders.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Amounts received above the nominal is recorded as a share premium.

2.15 Financial liabilities

Financial liabilities include trade payables and trade accruals and other payables and accrued expenses (excluding goods and services tax payable and advance purchase consideration). Financial liabilities are recognised in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

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

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

Deferred tax is measured based on the tax consequence that will follow the manner in which the Group expects, as at reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment property. Investment property measured at fair value is presumed to be recovered entirely through sale.

(c) Offsetting

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

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund (“CPF”) on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.18 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

2.19 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

When the Group is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

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 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates 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.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Leases *(continued)*

When the Group is the lessee *(continued)*

Right-of-use assets (continued)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Leases *(continued)*

When the Group is the lessor

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss on the same basis as the lease income.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Each lease payment received is applied against the gross investment in the financial lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct cost incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.20 Dividend distribution

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

2.21 Revenue recognition

Revenue is measured based on consideration of 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 parties (i.e., sales related taxes).

Revenue is recognised over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Revenue recognition *(continued)*

Construction Contracts Revenue for the Designing, Building and Installations of Mechanical and Electrical Systems

The Group is in the business of designing, building and installations of mechanical and electrical systems. Revenue from these contracts is recognised over time by reference to the percentage of the contract costs incurred to-date to the estimated total contract costs. Management has determined that the input method is an appropriate measure of the progress towards complete satisfaction of the performance obligation.

Certain contracts with customers contain variable consideration, such as variations in contract work. The Group estimates the amount of consideration to which it will be entitled using either the expected value method or the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the construction contract only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

When it is probable that the total unavoidable costs of meeting the obligations under the contract exceed the total contract revenue, a provision for onerous contracts is recognised immediately.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

Notes to the Consolidated Financial Statements *(continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Government grants

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

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

2.23 Provision for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated costs of dismantlement, removal or restoration items of assets arising from the use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value. Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related assets unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

Notes to the Consolidated Financial Statements *(continued)*

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements:

(i) Financial asset at fair value through profit or loss

As disclosed in Note 16 to the consolidated financial statements, the Group acquired 49% unquoted equity interest in D.D. Resident Co., Ltd. (the "investee") on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to S\$10,069,000). The investee is a limited liability company incorporated in Thailand, which is the owner of the hotel property and operator of Aiyaree Place Hotel in Pattaya, Thailand. In accordance with the Sales and Purchase Agreement ("SPA") dated 31 December 2019, the Group has the right to appoint/remove directors and key management personnel of the investee. In conjunction with the acquisition, the Group has also entered into an Exclusive Option Agreement with the remaining 51% shareholder of the investee (the "Thai Shareholder"), whereby the Group is granted with an irrevocable and exclusive option to purchase the 51% equity interest held by the Thai Shareholder at consideration of HKD61,200,000 (equivalent to S\$10,624,000). The Exclusive Option Agreement dated 31 December 2019 has an effective period of 2 years from 31 December 2019, subject to renewal at the option of the Group for another 2 years. The Group did not renew the Exclusive Option Agreement upon the expiry date on 30 December 2021. The Group recorded the investment as financial asset at fair value through profit or loss in the consolidated financial statements as the management does not have the practical ability to appoint board representation and has limited access to relevant financial and operational information. The Group is therefore unable to exercise significant influence and to meet the criteria of recognition under IAS 28 *Investments in Associates and Joint Ventures*. Consequently, this investment has been recorded as financial asset at fair value through profit or loss according to IFRS 9 *Financial Instruments*.

As at 31 December 2021, the investment is carried at S\$4,326,000 (2020: S\$10,069,000).

Notes to the Consolidated Financial Statements *(continued)*

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Critical judgement in applying accounting policies *(continued)*

(ii) Income tax amounts

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 9 on income tax.

Key sources of estimation uncertainty

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

(i) Revenue recognition from construction contracts

The Group principally generates construction contract revenue from the designing, building and installation of mechanical and electrical systems. The Group recognises revenue over time by reference to the Group's progress towards completing the construction in accordance with IFRS 15 *Revenue from Contracts with Customers*.

The stage of completion was measured by reference to the percentage of the contract costs incurred to-date to the estimated total contract costs. Management has determined that the input method is an appropriate measure of the progress towards complete satisfaction of the performance obligation. Significant assumptions are required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs to complete as well as the recoverability of the contracts. In making these estimates, the Group relied on past experience and knowledge of the project team.

The Group's revenue recognised during the financial year is disclosed in Note 4. The carrying amounts of the contract assets and liabilities from contract with customers at the end of each reporting period are disclosed in Note 19.

Notes to the Consolidated Financial Statements *(continued)*

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

(ii) Allowance for expected credit losses of trade receivables and contract assets

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables and contract assets is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables and contract assets. Details of ECL measurement and carrying values of trade receivables and contract assets at reporting date are disclosed in Note 32.

(iii) Income taxes

Uncertainties exist with respect to the determining the provision for income taxes. The Group recognises expected liabilities for income tax based on reasonable estimation of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period which such determination is made. The carrying amount of the Group's current income tax payable and deferred tax liabilities as at 31 December 2021 are disclosed in the Notes 9 and 24 respectively.

Notes to the Consolidated Financial Statements (continued)

4 REVENUE AND SEGMENT INFORMATION

Information is reported to the executive directors of the Group, being the CODM, for the purposes of resource allocation and performance assessment. They would review the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in Note 2. Accordingly, the Group has only one single operating segment and only disclosures on services, major customers and geographical information of this single segment are presented.

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

	2021 S\$'000	2020 S\$'000
Construction contracts revenue for the designing, building and installations of mechanical and electrical systems	14,638	7,169

Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group of the corresponding years are as follows:

	2021 S\$'000	2020 S\$'000
Customer A	7,142	2,258
Customer B	1,982	787
Customer C	N/A*	2,558
Customer D	N/A*	1,157

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective financial years.

Notes to the Consolidated Financial Statements *(continued)*

4 REVENUE AND SEGMENT INFORMATION *(continued)*

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the financial year are as follows:

	2021	2020
	S\$'000	S\$'000
Construction contracts revenue for the designing, building and installations of mechanical and electrical systems	55,076	33,033

The management of the Company expect that the transaction price allocated to the unsatisfied performance contracts as of the financial year ended 31 December 2021 will be recognised as revenue varying from 1 to 2 years according to the contract period.

Geographical information

The Group principally operates in Singapore, which is also the place of domicile. All revenue was derived from Singapore based on the location of services performed and the Group's property, plant and equipment are all located in Singapore. Accordingly, no geographical segment analysis is presented.

5 OTHER INCOME

	2021	2020
	S\$'000	S\$'000
Interest income from banks	184	74
Dividend income	–	2
Government grants		
– Jobs Support Scheme	402	482
– Foreign worker levy waiver and rebates	164	1,049
– Others	28	146
Rental income from investment property <i>(Note 13)</i>	146	126
Others	14	4
	938	1,883

Government grant income of S\$402,000 (2020: S\$482,000) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and had been extended up to 2021 by the Government.

Foreign worker levy waiver and rebates of S\$164,000 (2020: S\$1,049,000) was recognised during the financial year. The Singapore Government provided business employers who hire foreign workers on work permit and S-Pass with foreign worker levy to ease the labour costs of the Group.

Notes to the Consolidated Financial Statements *(continued)*

6 OTHER (LOSSES)/GAINS – NET

	2021 S\$'000	2020 S\$'000
Revaluation deficit on property, plant and equipment <i>(Note 12)</i>	–	(17)
Fair value gain/(loss) on investment property <i>(Note 13)</i>	478	(49)
Gain on disposal of property, plant and equipment	1,610	79
Fair value loss on financial asset at fair value through profit or loss <i>(Note 16)</i>	(5,743)	–
	(3,655)	13

7 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

a) Employee benefits expenses

	2021 S\$'000	2020 S\$'000
Directors' remunerations (including employer's contribution to defined contribution plans)	1,370	1,404
Salaries and other benefits	4,052	3,871
Employer's contribution to defined contribution plans	218	210
	5,640	5,485

Employee benefits expenses are charged to:

	2021 S\$'000	2020 S\$'000
Administrative expenses	2,822	3,315
Cost of services	2,818	2,170
	5,640	5,485

Notes to the Consolidated Financial Statements *(continued)*

7 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(continued)

b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the financial year ended 31 December 2021 include the three (2020: three) executive directors whose emoluments are reflected in the analysis shown in Note 7(c). The emoluments payable to the remaining two (2020: two) individuals during the year are as follows:

	2021	2020
	S\$'000	S\$'000
Salaries and allowances	202	196
Discretionary bonus	18	17
Employer's contribution to defined contribution plans	28	28
	248	241

The emoluments payable to the remaining two (2020: two) individuals above fell within the following bands:

	Number of individuals	
	2021	2020
<i>Emolument band</i>		
Nil–HK\$1,000,000 (equivalent to S\$Nil–S\$172,900 (2020: S\$Nil–S\$177,800))	2	2

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the financial years ended 31 December 2021 and 31 December 2020.

Notes to the Consolidated Financial Statements *(continued)*

7 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(continued)

c) Directors' and Chief Executive Officer's emoluments

For the financial year ended 31 December 2021:

Name	Fees S\$'000	Salaries S\$'000	Discretionary bonuses S\$'000	Allowances and benefits in kind S\$'000	Employer's contribution to defined contribution plans S\$'000	Total S\$'000
Executive directors:						
Mr. Tay Yong Hua ⁽ⁱ⁾	-	420	80	2	10	512
Mr. Tay Yong Meng ⁽ⁱⁱ⁾	-	300	-	-	9	309
Mr. Kenneth Teo ⁽ⁱⁱⁱ⁾	-	300	60	24	17	401
Mr. Chen Kaiben ^(iv)	-	-	-	-	-	-
	-	1,020	140	26	36	1,222
Non-executive director:						
Mr. Lu Xianglong ^(v)	42	-	-	-	-	42
Independent non-executive directors:						
Mr. Garnok Cheung ^(vi)	42	-	-	-	-	42
Ms. Zhang Xiuyan ^(vii)	42	-	-	-	-	42
Mr. Kwong Choong Kuen ^(viii)	22	-	-	-	-	22
	106	-	-	-	-	106

Notes to the Consolidated Financial Statements (continued)

7 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(continued)

c) Directors' and Chief Executive Officer's emoluments (continued)

For the financial year ended 31 December 2020:

Name	Fees S\$'000	Salaries S\$'000	Discretionary bonuses S\$'000	Allowances and benefits in kind S\$'000	Employer's contribution to defined contribution plans S\$'000	Total S\$'000
Executive directors:						
Mr. Tay Yong Hua ⁽ⁱ⁾	-	420	70	1	9	500
Mr. Tay Yong Meng ⁽ⁱⁱ⁾	-	300	-	-	9	309
Mr. Kenneth Teo ⁽ⁱⁱⁱ⁾	-	300	50	24	17	391
Mr. Liang Qianyuan ^(iv)	57	-	-	-	-	57
Mr. Chen Kaiben ^(v)	-	-	-	-	-	-
	57	1,020	120	25	35	1,257
Non-executive director:						
Mr. Lu Xianglong ^(vi)	-	-	-	-	-	-
Independent non-executive directors:						
Mr. Garnok Cheung ^(vii)	42	-	-	-	-	42
Dr. Guan Huan Fei ^(viii)	32	-	-	-	-	32
Mr. Jacobsen William Keith ^(ix)	32	-	-	-	-	32
Mr. Liu Hongen ^(x)	21	-	-	-	-	21
Ms. Zhang Xiuyan ^(xi)	10	-	-	-	-	10
Ms. Ren Hongyan ^(xii)	10	-	-	-	-	10
	147	-	-	-	-	147

Notes to the Consolidated Financial Statements *(continued)*

7 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(continued)

c) Directors' and Chief Executive Officer's emoluments *(continued)*

- (i) Mr. Tay Yong Hua acts as executive chairman of the Company.
- (ii) Mr. Tay Yong Meng was appointed as executive director of the Company on 21 June 2017 and resigned on 4 January 2020. However, he still acts as director of Sing Moh Electrical Engineering Pte Ltd, the Company's operating subsidiary.
- (iii) Mr. Kenneth Teo was appointed as executive director and Chief Executive Officer on 21 June 2017 and resigned on 13 December 2019. He was re-appointed as executive director and Chief Executive Officer on 23 June 2020.
- (iv) Mr. Liang Qianyuan was appointed as non-executive director on 25 September 2019 and subsequently re-designated as executive director on 13 December 2019. He acted as Chief Executive Officer of the Company and resigned on 19 June 2020.
- (v) Mr. Chen Kaiben was appointed as executive director on 15 October 2020 and resigned on 30 August 2021.
- (vi) Mr. Lu Xianglong was appointed as non-executive director on 29 December 2020.
- (vii) Mr. Garnok Cheung was appointed as independent non-executive director on 11 June 2019.
- (viii) Dr. Guan Huan Fei was appointed as independent non-executive director on 23 August 2020 and resigned on 30 September 2020.
- (ix) Mr. Jacobsen William Keith was appointed as independent non-executive director on 25 September 2019 and resigned on 30 September 2020.
- (x) Mr. Liu Hongen was appointed as independent non-executive director on 4 January 2020 and resigned on 19 June 2020.
- (xi) Ms. Zhang Xiuyan was appointed as independent non-executive director on 1 October 2020.
- (xii) Ms. Ren Hongyan was appointed as independent non-executive director on 1 October 2020 and resigned on 29 December 2020.
- (xiii) Mr. Kwong Choong Kuen was appointed as independent non-executive director on 23 June 2021.

The executive directors' emoluments shown above were for their services in connection with the management affairs of the Group. Performance related bonus was determined by reference to their duties and responsibilities of the relevant individual within the Group and the Group's performance. The emoluments stated above were mainly for their services in connection with their roles as directors of the Group. The independent non-executive director's emoluments were for their services as directors of the Company.

During both years, no remuneration was paid by the Group to the directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. Each of the directors has not waived any remuneration during both years.

Notes to the Consolidated Financial Statements *(continued)*

7 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(continued)

d) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the financial years ended 31 December 2021 and 31 December 2020.

e) Directors' termination benefits

None of the directors received or will receive any termination benefits during the financial years ended 31 December 2021 and 31 December 2020.

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

During the financial years ended 31 December 2021 and 31 December 2020, the Group did not pay consideration to any third parties for making available directors' services.

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

During the financial years ended 31 December 2021 and 31 December 2020, there were no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors.

h) Directors' material interests in transactions, arrangements or contracts

Except as disclosed in Note 30, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director had a material interest, whether directly or indirectly; subsisted at the end of the year or at any time during the financial years ended 31 December 2021 and 31 December 2020.

Notes to the Consolidated Financial Statements *(continued)*

8 LOSS BEFORE TAX

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, loss before income tax is arrived at after charging:

	2021	2020
	S\$'000	S\$'000
Auditor's remuneration		
– Auditors of the Company	105	100
– Other auditors <i>(Note a)</i>	–	18
Fees for the non-audit services paid to		
– Auditors of the Company	4	4
Depreciation of property, plant and equipment <i>(Note 12)</i>	422	501
Subcontractor costs included in cost of services	3,978	803
Lease expense-short term leases	–	2
Foreign currency exchange gains, net	(16)	(31)

a. Includes an independent member firm of the Baker Tilly International network.

9 TAX EXPENSE

Singapore corporate income tax has been provided for at the rate of 17% (2020: 17%) on the estimated assessable profit for the financial year ended 31 December 2021 as the Group is principally operating in Singapore.

No overseas profits tax has been calculated for entities of the Group that are incorporated in the BVI or the Cayman Islands as they are exempted from tax (2020: Nil).

The amount of tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2021	2020
	S\$'000	S\$'000
Deferred tax charged to other comprehensive income		
– current financial year <i>(Note 24)</i>	229	–

Notes to the Consolidated Financial Statements *(continued)*

9 TAX EXPENSE *(continued)*

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

	2021	2020
	S\$'000	S\$'000
Loss before tax	(4,003)	(3,129)
Tax calculated at tax rate of 17% (2020: 17%)	(681)	(532)
Income not subject to tax	(434)	(96)
Expenses not deductible for tax purposes	1,088	171
Deferred tax assets not recognised	27	452
Others	-	5
	-	-

Included in income not subject to tax mainly comprises JSS grant income of S\$402,000 (2020: S\$482,000), gain on disposal of freehold property of S\$1,604,000 (2020: S\$Nil) and fair value gain on investment property of S\$478,000 (2020: S\$Nil).

Included in expenses not deductible for tax purposes mainly comprises fair value loss on financial asset at fair value through profit or loss of S\$5,743,000 (2020: S\$Nil).

10 LOSS PER SHARE

a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the number of ordinary shares in issue during the financial year.

	2021	2020
Loss attributable to the owners of the Company (S\$'000)	(4,002)	(3,129)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	915,600	911,469
Loss per share (S\$ cents per share)	(0.44)	(0.34)

b) Diluted

The diluted loss per share is the same as the basic loss per share due to the absence of dilutive ordinary shares during the respective years.

Notes to the Consolidated Financial Statements *(continued)*

11 SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2021 and 31 December 2020 are as follows:

Name of entity	Place and date of incorporation	Issued and paid-up capital	Kind of legal entity	Principal activities and principal country of operation	Equity interest attributable to the Group	
					2021 %	2020 %
Directly held by the Company						
SME International Holdings Limited ⁽²⁾	BVI, 18 May 2017	US\$100	Limited liability company	Investment holding, British Virgin Island	100	100
Solis (BVI) Investments Limited ⁽²⁾	BVI, 26 September 2018	US\$100	Limited liability company	Investment holding, British Virgin Island	100	100
Indirectly held by the Company						
Sing Moh Electrical Engineering Pte Ltd ⁽¹⁾	Singapore, 11 August 1988	S\$1,500,000	Limited liability company	Provision of installations of mechanical and electrical systems, Singapore	100	100
ALBA Group Limited ⁽²⁾	Hong Kong, 8 October 2018	HK\$100	Limited liability company	Investment holding, Hong Kong	100	100
Hong Yi Construction Limited ⁽²⁾	Hong Kong, 25 October 2019	HK\$100	Limited liability company	Investment holding, Hong Kong	51	51
Aiyaree International Hotel Management Limited ⁽²⁾	Hong Kong, 6 January 2020	HK\$10,000	Limited liability company	Investment holding, Hong Kong	100	100
Ocean Fishers Aquatic Technologies Limited ^{(2), (3)}	Hong Kong, 10 November 2020	HK\$10,000	Limited liability company	Investment holding, Hong Kong	100	51

(1) Audited by Baker Tilly TFW LLP

(2) Not required to be audited under the law of country of incorporation

(3) On 29 December 2021, the Company acquired additional 49% equity interest in Ocean Fishers Aquatic Technologies Limited, at consideration of HK\$4,900 (S\$852 equivalent) from the non-controlling interest of the Company who is also the director of Ocean Fishers Aquatic Technologies Limited. As a result of this acquisition, Ocean Fishers Aquatic Technologies Limited became a wholly-owned subsidiary of the Company. The carrying value of the additional interest acquired was S\$160. The difference between the consideration and the carrying value of the additional interest acquired has been recognised as "Increase in ownership of a subsidiary" in the consolidated statement of changes in equity.

There is one (2020: two) subsidiaries that has non-controlling interest ("NCI") and it is considered not material to the Group. Therefore, relevant financial information related to NCI is not disclosed.

Notes to the Consolidated Financial Statements *(continued)*

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land S\$'000	Buildings S\$'000	Plant and machinery S\$'000	Computer and software S\$'000	Office equipment S\$'000	Motor vehicles S\$'000	Renovations, furniture and fittings S\$'000	Total S\$'000
2021								
Cost or valuation								
Balance at 1 January 2021								
Cost	-	-	165	301	140	1,232	282	2,120
Valuation	19,294	5,429	-	-	-	-	-	24,723
	19,294	5,429	165	301	140	1,232	282	26,843
Additions	-	-	-	16	7	595	-	618
Disposals	(5,900)	(1,900)	-	(73)	(24)	(175)	(33)	(8,105)
Revaluation adjustments	800	200	-	-	-	-	-	1,000
Reclassified as held for sale <i>(Note 21)</i>	(3,394)	(1,029)	-	-	-	-	-	(4,423)
Balance at 31 December 2021	10,800	2,700	165	244	123	1,652	249	15,933
Representing:								
Cost	-	-	165	244	123	1,652	249	2,433
Valuation	10,800	2,700	-	-	-	-	-	13,500
	10,800	2,700	165	244	123	1,652	249	15,933
Accumulated depreciation								
Balance at 1 January 2021	-	-	87	249	94	945	163	1,538
Depreciation charge	-	211	16	41	16	115	23	422
Disposal	-	(58)	-	(73)	(14)	(170)	(10)	(325)
Revaluation adjustments	-	(119)	-	-	-	-	-	(119)
Reclassified as held for sale <i>(Note 21)</i>	-	(34)	-	-	-	-	-	(34)
Balance at 31 December 2021	-	-	103	217	96	890	176	1,482
Net carrying value								
Balance at 31 December 2021	10,800	2,700	62	27	27	762	73	14,451

Notes to the Consolidated Financial Statements *(continued)*

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land S\$'000	Buildings S\$'000	Plant and machinery S\$'000	Computer and software S\$'000	Office equipment S\$'000	Motor vehicles S\$'000	Renovations, furniture and fittings S\$'000	Total S\$'000
2020								
Cost or valuation								
Balance at 1 January 2020								
Cost	-	-	158	327	136	1,979	245	2,845
Valuation	19,395	5,579	-	-	-	-	-	24,974
	19,395	5,579	158	327	136	1,979	245	27,819
Additions	-	-	7	34	6	123	37	207
Disposals	-	-	-*	(60)	(2)	(870)	-	(932)
Revaluation adjustments	(101)	(150)	-	-	-	-	-	(251)
Balance at 31 December 2020	19,294	5,429	165	301	140	1,232	282	26,843
Representing:								
Cost	-	-	165	301	140	1,232	282	2,120
Valuation	19,294	5,429	-	-	-	-	-	24,723
	19,294	5,429	165	301	140	1,232	282	26,843
Accumulated depreciation								
Balance at 1 January 2020	-	-	68	249	82	1,411	129	1,939
Depreciation charge	-	223	19	53	14	158	34	501
Disposal	-	-	-*	(53)	(2)	(624)	-	(679)
Revaluation adjustments	-	(223)	-	-	-	-	-	(223)
Balance at 31 December 2020	-	-	87	249	94	945	163	1,538
Net carrying value								
Balance at 31 December 2020	19,294	5,429	78	52	46	287	119	25,305

* Less than S\$1,000

Included in property, plant and equipment is a motor vehicle with carrying value of S\$368,000 (2020: S\$Nil) held in trust by a director of the Company.

Notes to the Consolidated Financial Statements *(continued)*

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group recognised a revaluation deficit of S\$Nil (2020: S\$17,000) in profit or loss (Note 6) and surplus on revaluation of S\$1,119,000 (2020: deficit of S\$11,000) in other comprehensive income/(loss) for the financial year.

If the freehold land and buildings carried at valuation had been included in the financial statements at cost less accumulated depreciation, the net book value would have been as follows:

	2021 S\$'000	2020 S\$'000
Freehold land	2,500	10,551
Buildings	1,355	5,493

Fair value measurement of the Group's freehold properties

The Group's freehold properties are stated at its revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the Group's freehold properties as at 31 December 2021 and 31 December 2020 were performed by Cushman & Wakefield VHS Pte Ltd, an independent valuer who is not related to the Group. The effective dates of the revaluation are 31 December 2021 and 31 December 2020 respectively.

The 31 December 2020 valuation report contained a clause highlighting the reduction in transactional evidence and recent sales information as a result of the market disruption caused by the COVID-19 pandemic. The clause did not invalidate the valuation but highlighted that the valuer could not attach as much weight as usual to previous market evidence and there was an increase risk that the price realised in an actual transaction would differ from the value concluded.

The fair value of the freehold properties, comprising of freehold land and buildings, were determined based on market comparable approach that reflects recent transaction prices for similar properties.

Description	Fair value as at S\$'000	Valuation technique	Significant unobservable input	Sensitivity
2021				
Freehold property A	13,500	Market comparison approach	Market price of S\$1,343 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value

Notes to the Consolidated Financial Statements *(continued)*

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Fair value measurement of the Group's freehold properties *(continued)*

Description	Fair value as at S\$'000	Valuation technique	Significant unobservable input	Sensitivity
2020				
Freehold property A	12,500	Market comparison approach	Market price of S\$1,244 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
Freehold property B	7,800	Market comparison approach	Market price of S\$1,661 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
Freehold property C	4,423	Market comparison approach	Market price of S\$1,602 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value

The fair value of the freehold land is computed as the difference between the valuation of the freehold property and the building as determined under the market comparison approach. Any significant isolated increase to these inputs would result in a significant increase in the fair value. There has been no change to the valuation technique used during both years.

Details of the Group's freehold property and information about the fair value hierarchy as at the end of the financial year are as follows:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Fair value S\$'000
2021				
Freehold land	–	–	2,700	2,700
Building	–	–	10,800	10,800
	–	–	13,500	13,500
2020				
Freehold land	–	–	19,294	19,294
Building	–	–	5,429	5,429
	–	–	24,723	24,723

Notes to the Consolidated Financial Statements *(continued)*

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Fair value measurement of the Group's freehold properties *(continued)*

There were no transfers between the respective levels during both years.

As at 31 December 2021, the freehold property with a carrying amount of S\$13,500,000 (2020: S\$20,300,000) has been pledged under a mortgage to secure a line of credit with one bank (2020: two banks) (Note 29). The Group is not allowed to pledge this asset as security for other borrowings or sell it to any other entity.

During the financial year, freehold property B has been disposed to a third party at an agreed consideration of S\$9,500,000 and received net proceeds of S\$9,379,000 after expenses. The disposal of the freehold property has been completed on 3 December 2021. Upon the completion of the disposal, the Group recorded a gain on disposal of S\$1,604,000, after deducting relevant direct expenses related to the disposal. The gain on disposal is included in other (losses)/gains-net (Note 6).

During the financial year, freehold property C with a carrying amount of S\$4,389,000 had been reclassified as non-current asset held for sale (Note 21).

13 INVESTMENT PROPERTY

	2021	2020
	S\$'000	S\$'000
Balance at beginning of year	4,177	4,226
Fair value change recognised in profit or loss <i>(Note 6)</i>	478	(49)
Reclassified as held for sale <i>(Note 21)</i>	(4,655)	-
Balance at end of year	-	4,177

This include the following related to investment property classified under Level 3 of the fair value hierarchy:

	2021	2020
	S\$'000	S\$'000
Fair value change recognised in profit or loss <i>(Note 6)</i>	478	(49)

The Group's investment property was held under freehold interests.

Notes to the Consolidated Financial Statements *(continued)*

13 INVESTMENT PROPERTY *(continued)*

Fair value measurement of the Group's freehold property

In 2020, the fair value measurement of the Group's freehold property was performed by Cushman & Wakefield VHS Pte Ltd, an independent valuer who is not related to the Group. The effective date of the revaluation is 31 December 2020.

The 31 December 2020 valuation report contained a clause highlighting the reduction in transactional evidence and recent sales information as a result of the market disruption caused by the COVID-19 pandemic. The clause did not invalidate the valuation but highlighted that the valuer could not attach as much weight as usual to previous market evidence and there was an increase risk that the price realised in an actual transaction would differ from the value concluded.

Details of the Group's freehold property and information about the fair value hierarchy as at the end of the reporting periods are as follows:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Fair value S\$'000
2020				
Freehold land	–	–	3,206	3,206
Building	–	–	971	971
	–	–	4,177	4,177

The fair value of the freehold property, comprising of freehold land and buildings, was determined based on market comparable approach that reflects recent transaction prices for similar properties. The fair value of the freehold land was computed as the difference between the valuation of the freehold property and the building as determined under the market comparison approach.

For freehold property categorised into Level 3 of the fair value hierarchy, the following information is relevant:

Description	Fair value as at S\$'000	Valuation technique	Significant unobservable input	Sensitivity
2020				
Freehold property	4,177	Market comparison approach	Market price of S\$1,602 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value

Any significant isolated increase to these inputs would result in a significant increase in the fair value. There had been no change to the valuation technique used.

Notes to the Consolidated Financial Statements (continued)

13 INVESTMENT PROPERTY (continued)

Fair value measurement of the Group's freehold property (continued)

There were no transfers between respective levels during the year.

In 2021, the fair value of the freehold property, comprising of freehold land and buildings, was determined based on the consideration agreed with a third-party buyer on 3 January 2022 subject to the terms and conditions of the Option Agreement.

Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to S\$22,000 (2020: S\$22,000).

At the reporting date, the details of the Group's investment property is as follows:

Location	Description/existing use	Tenure
2020		
14 Tagore Lane Singapore 787475	Warehouse and office space	Freehold

14 INTANGIBLE ASSETS

	2021 S\$'000	2020 S\$'000
Club memberships		
Fair value		
At 1 January	204	195
Surplus on change in fair value included in other comprehensive income	44	9
At 31 December	248	204

The intangible assets have indefinite useful lives. If the intangible assets carried at fair value had been included in the financial statements at cost, the carrying amount would have been S\$178,000 (2020: S\$178,000).

At the end of each financial year, management reviews the fair value measurement of the club memberships to determine the fair value changes to be recognised in the revaluation reserve (Note 28(b)). The fair values of intangible assets (Level 2 fair values) are based on broker quotes for club memberships at the reporting date.

Notes to the Consolidated Financial Statements *(continued)*

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 S\$'000	2020 S\$'000
Movement during the year:		
Fair value at beginning of the year	120	150
Additions	9,924	–
Fair value loss on financial assets at fair value through other comprehensive income	(156)	(30)
Fair value at end of the year	9,888	120
Financial assets at FVOCI are analysed and presented as follows:		
Non-current		
<i>Financial assets measured at FVOCI</i>		
Quoted securities		
- SGD corporate fixed rate bonds of 4.00% to 6.90% per annum mature between February 2023 and June 2025	2,523	–
- SGD corporate variable rate bond of 4.20% per annum matures in Sep 2028	1,012	–
Unquoted security		
- SGD corporate fixed rate bond of 3.29% per annum matures in October 2026	997	–
<i>Equity instruments designated at FVOCI</i>		
Quoted security		
- SGD perpetual variable rate bonds of 3.07% to 5.50% per annum	4,987	–
Equity security listed in Singapore	122	120
	9,641	120
Current		
<i>Financial asset measured at FVOCI</i>		
Quoted security		
- SGD corporate fixed rate bond of 6.00% per annum matures in March 2022	247	–
Total	9,888	120

Notes to the Consolidated Financial Statements (continued)

16 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 S\$'000	2020 S\$'000
Unquoted equity shares – measured at FVTPL		
Financial asset at fair value through profit or loss	4,326	10,069
Movement during the year:		
Fair value at beginning of the year	10,069	–
Additions	–	10,069
Fair value loss recognised in profit or loss (Note 6)	(5,743)	–
Fair value at end of the year	4,326	10,069

The unquoted equity shares represent the Group's acquisition of 49% equity interest in the issued shares of D.D. Resident Co., Ltd (the "investee") on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to S\$10,069,000). The investee is a limited liability company incorporated in Thailand, which is the owner and operator of Aiyaree Place Hotel in Pattaya, Thailand. In accordance with the Sales and Purchase Agreement ("SPA") dated 31 December 2019, the Group has the right to appoint/remove directors and key management personnel of the investee. In conjunction with the acquisition, the Group has also entered into an Exclusive Option Agreement with the remaining 51% shareholder of the investee (the "Thai Shareholder"), whereby the Group is granted with an irrevocable and exclusive option to purchase the 51% equity interest held by the Thai Shareholder at consideration of HKD61,200,000 (equivalent to S\$10,624,000). The Exclusive Option Agreement dated 31 December 2019 has an effective period of 2 years from 31 December 2019 subject to renewal at the option of the Group for another 2 years. The Group did not renew the Exclusive Option Agreement upon the expiry date on 30 December 2021.

The Group has classified the investment as financial asset at fair value through profit or loss at initial recognition and at the end of the financial year (refer to Note 3 in the critical accounting judgement and key sources of estimation uncertainty).

During the financial year, the management sought professional legal advice from an independent consultant and legal firm in Thailand which subsequent to year end, the Group served two legal notices respectively to (1) the vendors of the investee for the breach of various terms and conditions included in the SPA and (2) investee for the failure to send notice of meetings to the Group for the approval of audited accounts and appointment of new director. There has been no further update since the legal notices are served until the date of this report.

As at 31 December 2021, the fair value of the investment was determined by a valuation performed by an independent professional valuation firm in Thailand on 24 May 2021 using the income approach that reflects the value of the hotel property capable of producing income in the present worth of anticipated future net benefits. This fair value measurement is categorised in Level 3 of the fair value hierarchy. Changes in the fair value of financial asset at fair value through profit or loss, amounting to S\$5,743,000 is included in profit or loss as part of "other (losses)/gains-net" (Note 6). Management concluded that there has been no significant change in the fair value of the hotel property from the date of valuation until 31 December 2021.

Notes to the Consolidated Financial Statements *(continued)*

16 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

The unquoted equity shares are satisfied by the following non-cash transactions in 2020:

	<i>Note</i>	2020 S\$'000
Cost of investment		10,069
Less: Issuance of shares	27	(7,874)
Less: Unpaid purchase consideration	26	(2,155)
Less: Unrealised exchange difference		(40)
<hr/>		
Net cash outflow for financial asset at fair value through profit or loss		-

17 TRADE RECEIVABLES

	2021 S\$'000	2020 S\$'000
Trade receivables-third parties	905	883

The Group grants credit terms to customers typically up to 35 days (2020: 35 days) from the invoice date for trade receivables. As at 31 December 2021 and 31 December 2020, the ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	2021 S\$'000	2020 S\$'000
1-30 days	737	853
31-60 days	156	23
61-90 days	-	-
Over 90 days	12	7
<hr/>		
	905	883

Notes to the Consolidated Financial Statements (continued)

18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 S\$'000	2020 S\$'000
Deposits	97	96
Prepayments	109	83
Advances to staff	3	1
Interest receivable from financial assets at fair value through other comprehensive income (Note 15)	123	–
JSS grant receivable from government	–	188
	332	368

19 CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group receives payments from customers based on performance milestones, as established in contracts. Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's construction services. Contract liabilities relate to advance consideration received from customers and billings in excess of revenue recognised to-date. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2021 S\$'000	2020 S\$'000	1.1.2020 S\$'000
Trade receivable from contracts with customers (Note 17)	905	883	2,951
Contract assets	3,681	2,593	3,800
Less: Impairment loss under ECL model (Note 32.1(ii))	(661)	(661)	(661)
	3,020	1,932	3,139
Contract liabilities	1,688	2,293	–

As at 31 December 2021, included in contract assets are retention receivables from customers for construction work amounting to S\$2,108,000 (2020: S\$1,208,000). Retention receivables from customers for contract work are released by stages on substantial completion and on final completion, which is after the defect liability period of the relevant contracts ranging from 12 to 18 months. Included in the retention receivables are carrying amounts of approximately S\$230,000 (2020: S\$149,000) which is expected to be recovered after 12 months of the reporting period. Retention receivables are unsecured, interest-free and expected to be received within the Group's normal operating cycle and hence classified as current assets in the consolidated statement of financial position.

Contract assets increased significantly as the Group provided more installation services ahead of the agreed payment schedules. Contract liabilities for services rendered decreased significantly due to lesser contracts in which the Group billed and received consideration ahead of provision of services.

Notes to the Consolidated Financial Statements (continued)

20 INVENTORIES

	2021 S\$'000	2020 S\$'000
Raw materials, at cost	119	–

In 2021, raw materials included as cost of services amounted to S\$4,780,000 (2020: S\$4,223,000).

21 NON-CURRENT ASSET HELD FOR SALE

	2021 S\$'000	2020 S\$'000
Property as held for sale	9,044	–

In 2021, the directors of the Company have approved the disposal of a freehold property of the Group and therefore had reclassified the carrying amount for the property of S\$9,044,000 (Notes 12 and 13) as non-current asset held for sale.

On 3 January 2022, a third-party buyer accepted and exercised the option granted by the Group under the Option Agreement and the buyer agreed to purchase the aforesaid freehold property at a consideration of S\$9,500,000 subject to the terms and conditions of the Option Agreement.

The disposal of the freehold property has been completed on 28 March 2022. Upon the completion of the disposal, the Group will recognise an estimated gain on disposal of S\$315,000, after deducting relevant direct expenses related to the disposal.

Details of freehold land and building owned by the Group which are classified as asset held for sale as at 31 December 2021 are as follows:

Location	Description	Area sqm	Title	The Group's interest%	Carrying amount (S\$'000)
14 Tagore Lane Singapore 787475	Office, warehouse and workers' dormitory building	498.6	Freehold	100	9,044*

* The carrying amount represents S\$4,389,000 and S\$4,655,000 transferred from property, plant and equipment (Note 12) and investment property (Note 13).

As at 31 December 2021, the freehold property has been pledged under a mortgage to secure a line of credit with a bank (Note 29).

Notes to the Consolidated Financial Statements (continued)

22 AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

			Maximum outstanding amount	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Non-trade related	-	98	-	98

The amount due from ultimate holding company is non-trade in nature, unsecured, interest-free and repayable on demand.

23 PLEDGED FIXED DEPOSIT/CASH AND CASH EQUIVALENTS

	2021 S\$'000	2020 S\$'000
Cash on hand	6	10
Cash at banks (Note A)	13,949	16,589
Cash and cash equivalents	13,955	16,599
Pledged fixed deposit	211	210

Pledged fixed deposit has an original maturity of 12 months for the purpose of securing the line of credit of S\$5,780,000 granted to the Group (Note 29(a)) as at 31 December 2021 and 31 December 2020. The balance is rolled forward on its maturity in March each year and carries interest of 0.10% per annum (2020: 0.25% per annum).

Note A: Included in cash at banks is a call deposit amount of S\$149,000 (2020: S\$Nil) placed with a fund manager for investment purposes (Note 15).

24 DEFERRED TAX LIABILITIES

The movements on the deferred tax liabilities are as follows:

	Revaluation of freehold building included in property, plant and equipment	
	2021 S\$'000	2020 S\$'000
Balance at 1 January	-	-
Charged to other comprehensive income (Note 9)	229	-
Balance at 31 December	229	-

Notes to the Consolidated Financial Statements (continued)

24 DEFERRED TAX LIABILITIES (continued)

Deferred tax assets are recognised for unabsorbed tax losses and other deductible temporary differences carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Singapore incorporated subsidiary of the Group has unabsorbed tax losses of approximately S\$9,585,000 (2020: S\$9,415,000) and other deductible temporary differences of S\$253,000 (2020: S\$269,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. No deferred tax asset has been recognised in respect of these unabsorbed tax losses and other deductible temporary differences as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. These income tax losses have no expiry dates.

25 TRADE PAYABLES AND TRADE ACCRUALS

	2021 S\$'000	2020 S\$'000
Trade payables	1,200	1,289
Trade accruals	460	707
	1,660	1,996

Trade payables at the end of the financial year comprise amounts outstanding to suppliers and subcontractors. The average credit period taken for trade purchase is generally 30 to 90 days or payable upon delivery. As at 31 December 2021 and 31 December 2020, the ageing analysis of the trade payables, based on invoice date, are as follows:

	2021 S\$'000	2020 S\$'000
Within 90 days	876	988
Over 90 days	324	301
	1,200	1,289

Notes to the Consolidated Financial Statements (continued)

26 OTHER PAYABLES AND ACCRUED EXPENSES

	2021 S\$'000	2020 S\$'000
Accrued operating expenses	1,178	1,001
Other payables	2,795	2,332
Advance purchase consideration	95	–
Deferred JSS grant income (Note 5)	–	264
Amount due to a former shareholder	1	–
	4,069	3,597

Included in other payables is S\$2,187,000 (2020: S\$2,155,000) which is related to the unpaid purchase consideration for acquisition in D.D. Resident Co. Ltd. (Note 16). The movement during the financial year is primarily due to exchange differences. The amount is denominated in HKD.

The amount due to a former shareholder is non-trade in nature, unsecured, interest-free and repayable on demand.

27 SHARE CAPITAL AND SHARE PREMIUM

a) Share capital

	2021		2020	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised: Ordinary shares of HK\$0.01 each				
At 1 January and 31 December	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
At 1 January	915,600,000	1,585	840,000,000	1,454
Issuance of shares (Note A)	–	–	75,600,000	131
At 31 December	915,600,000	1,585	915,600,000	1,585

Notes to the Consolidated Financial Statements *(continued)*

27 SHARE CAPITAL AND SHARE PREMIUM *(continued)*

b) Share premium

	Share premium
	S\$'000
At 1 January 2020	26,697
Issuance of shares <i>(Note A)</i>	7,743
<hr/>	
At 31 December 2020 and 31 December 2021	34,440

Note A: On 21 January 2020, the Company issued and allotted 75,600,000 new ordinary shares by way of placement at a price of HK\$0.60 per share for cash consideration of approximately HK\$45,360,000 (approximately S\$7,874,000) of which S\$131,000 was credited to share capital and the balance of S\$7,743,000 was credited to share premium account. The issuance of the new ordinary shares represents portion of the consideration paid for the acquisition of unquoted shares as disclosed in Note 16.

28 RESERVES

a) Merger reserve

Merger reserve represents the share capital of the subsidiary when entities under common control are accounted for by applying the pooling of interest method arising from group reorganisation in 2017.

b) Revaluation reserve for intangible assets

The revaluation reserve arises from surplus on revaluation of intangible assets as set out in Note 14. There is no restriction in the distribution of revaluation reserve for intangible assets.

c) Revaluation reserve for financial asset at FVOCI

The revaluation reserve arises from the revaluation of listed debt and equity securities as set out in Note 15.

d) Revaluation reserve for property, plant and equipment

The revaluation reserve arises from the revaluation of freehold properties as set out in Note 12. There is no restriction in the distribution of revaluation reserve for property, plant and equipment.

Notes to the Consolidated Financial Statements (continued)

29 BANKING FACILITIES

- a) The Group has a banking facility for a line of credit amounting to S\$5,780,000. The facility comprises S\$2,500,000 for Money Market Loan (“MML”), S\$200,000 for Overdraft (“OD”), S\$3,000,000 for issuing Performance Guarantee (“PG”) and S\$80,000 for Credit Card limit. If the line of credit is utilised, interest charged on the MML would be based on 2.50% of bank cost of funds or at such other rate at the sole discretion of the bank, interest charged on the OD would be 0.50% per annum over the bank’s prime lending rate, and the commission payable to the bank would be at 0.90% per annum on the full amount of the PG to be issued and for its full duration subject to the bank’s prevailing minimum commission. The line of credit is secured by the mortgage over Freehold Property A (Note 12) and the fixed deposit placed with the bank (Note 23).

As at 31 December 2021, the Group utilised the PG banking facility of S\$1,948,000 (2020: S\$1,948,000).

- b) The Group has banking facility with another bank, for a consolidated facility limit of S\$1,000,000 (2020: S\$1,000,000), which can be used for Letters of Credit (“LCs”), acceptance and loan against trust receipts, import loan and invoice financing, shipping guarantees, bonds and guarantees. If the line of credit is utilised, interest charged would be based on bank’s cost of funds + 2.00% or standard commission charged. In 2020, the line of credit is secured by the mortgage over Freehold Property B. In 2021, Freehold Property B has been disposed and the Group revised the banking facility in October 2021 with no change to consolidated facility limit and interest charged. As at 31 December 2021, the line of credit is secured by the mortgage over a freehold property classified as held for sale (Note 21).

The above banking facility remained unutilised during both financial years.

30 RELATED PARTIES TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor’s returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and the ultimate holding company during the financial year on terms agreed by the parties concerned:

	2021 S\$'000	2020 S\$'000
Ultimate holding company		
Payment made on behalf of	13	76
Advances to	–	22

Notes to the Consolidated Financial Statements *(continued)*

30 RELATED PARTIES TRANSACTIONS *(continued)*

b) Key management personnel compensation

Key management personnel includes the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Key management personnel includes executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	2021	2020
	S\$'000	S\$'000
Salaries, allowances and benefits in kind	1,308	1,282
Employer's contribution to defined contribution plans	51	49
	1,359	1,331

31 FINANCIAL INSTRUMENTS BY CATEGORIES

The Group's financial instruments at their carrying amounts at the end of the financial year include the following:

	2021	2020
	S\$'000	S\$'000
Financial assets:		
<i>At amortised cost</i>	15,294	17,887
At fair value through other comprehensive income	9,888	120
At fair value through profit or loss	4,326	10,069
	29,508	28,076
Financial liabilities:		
At amortised cost	5,069	5,273

Notes to the Consolidated Financial Statements *(continued)*

32 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

32.1 Financial risk factors

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign exchange risk, credit risk, cash flow and fair value interest rate risk, liquidity risk and price risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance.

i) Foreign exchange risk

The Group has currency exposures denominated in a currency other than the functional currency of the Group's entities, which is S\$. The foreign currency in which these balances are denominated is mainly Hong Kong Dollar ("HKD").

As at 31 December 2021, the Group's financial assets and financial liabilities are mainly denominated in S\$ and have no significant foreign currency risk exposure except for the following which are denominated in HKD.

	2021 S\$'000	2020 S\$'000
<i>Financial assets denominated in HKD:</i>		
Cash and cash equivalents	963	1,216
<i>Financial liabilities denominated in HKD:</i>		
Accruals and other payables	(2,326)	(2,203)
Net financial liabilities denominated in HKD	(1,363)	(987)

Sensitivity analysis

If the SGD strengthened/weakened against the HKD by 10% with all other variables including tax rate being held constant, the profit after tax will increase/decrease by approximately S\$136,000 (2020: S\$99,000) arising from exchange gain/loss respectively.

ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk.

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 99% (2020: 100%) of the total financial assets as at 31 December 2021.

The Group is exposed to concentration of credit risk at 31 December 2021 on trade receivables from the Group's top five major customers which accounted for 94% (2020: 93%) of the Group's total trade receivables. The major customers of the Group are certain reputable organisations.

Notes to the Consolidated Financial Statements *(continued)*

32 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

32.1 Financial risk factors *(continued)*

ii) **Credit risk** *(continued)*

In order to minimise credit risk, the management of the Company have delegated its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset 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, such as future economic and industry outlook, that is available without undue cost or effort.

Notes to the Consolidated Financial Statements *(continued)*

32 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

32.1 Financial risk factors *(continued)*

ii) Credit risk *(continued)*

Significant increase in credit risk (continued)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a 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;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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.

Regardless of the evaluation of the above factors, 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.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and 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.

Notes to the Consolidated Financial Statements *(continued)*

32 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

32.1 Financial risk factors *(continued)*

ii) Credit risk *(continued)*

Definition of default

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

- where there is a breach of financial covenants by the debtor 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.

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 such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowance.

Movements in credit loss allowance are as follows:

	Contract assets	
	2021	2020
	S\$'000	S\$'000
Balance as at 1 January and 31 December <i>(Note 19)</i>	661	661

Trade receivables and contract assets

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

Notes to the Consolidated Financial Statements *(continued)*

32 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

32.1 Financial risk factors *(continued)*

ii) Credit risk *(continued)*

Trade receivables and contract assets (continued)

The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

Credit quality of financial assets

The table below details the credit quality of the Group's financial assets and contract assets:

2021	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		S\$'000	S\$'000	S\$'000
Trade receivables	Lifetime ECL	905	-	905
Contract assets	Lifetime ECL	3,681	(661)	3,020
Other receivables and deposits	12-month ECL	223	-	223
Pledged fixed deposit	12-month ECL	211	-	211
Cash and cash equivalents	(Exposure limited) 12-month ECL (Exposure limited)	13,955	-	13,955
2020				
Trade receivables	Lifetime ECL	883	-	883
Contract assets	Lifetime ECL	2,593	(661)	1,932
Other receivables and deposits	12-month ECL	97	-	97
Amount due from ultimate holding company	12-month ECL	98	-	98
Pledged fixed deposit	12-month ECL (Exposure limited)	210	-	210
Cash and cash equivalents	12-month ECL (Exposure limited)	16,599	-	16,599

Notes to the Consolidated Financial Statements *(continued)*

32 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

32.1 Financial risk factors *(continued)*

iii) **Cash flow and fair value interest rate risk**

The Group's exposure to interest rate risk arises primarily from their financial assets at fair value through other comprehensive income. Financial assets at fair value through other comprehensive income at variable rates expose the Group to cash flow interest rate risk (ie. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Financial assets at fair value through other comprehensive income at fixed rates expose the Group to fair value interest rate risk (ie. the risk that the value of a financial instrument will fluctuate due to changes in market rates). The sensitivity analysis for interest rate risk is not disclosed as a reasonably possible fluctuation in the market interest rates is not expected to have a significant impact on the Group's profit or loss.

iv) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources to meet its financial commitments. The Group does not have any significant liquidity risk.

All financial liabilities are due within the next twelve months.

v) **Price risk**

Market price 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 prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as financial assets at fair value through other comprehensive income. Investments are held for strategic rather than trading purposes.

The Group does not actively trade these investments.

Sensitivity analysis for equity price risk

At the reporting date, if the prices of the Group's equity securities change by 5% (2020: 5%) higher/lower with all other variables held constant, the Group's revaluation reserve in equity would have been S\$255,000 (2020: S\$6,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as FVOCI.

32.2 Capital management

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

The capital of the Group consists of share capital, retained earnings, share premium and other reserves and the Group's overall strategy remains unchanged from 2020.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Notes to the Consolidated Financial Statements *(continued)*

32 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

32.3 Fair value of assets and liabilities

(a) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly; and
- (iii) Level 3: unobservable inputs for the asset or liability.

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the consolidated statement of financial position at the end of the reporting period:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Recurring fair value measurements</i>				
2021				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Quoted debt securities	–	3,782	–	3,782
– Quoted perpetual bonds	–	4,987	–	4,987
– Quoted equity security	122	–	–	122
– Unquoted debt security	–	997	–	997
Financial asset at fair value through profit or loss	–	–	4,326	4,326
Total financial assets	122	9,766	4,326	14,214
Non-financial assets				
Property, plant and equipment				
– Freehold land and building	–	–	13,500	13,500
Intangible asset				
– Investment in club memberships	–	248	–	248
Total non-financial assets	–	248	13,500	13,748
<i>Non-recurring fair value measurement</i>				
Non-current asset held for sale	–	–	9,044	9,044

Notes to the Consolidated Financial Statements *(continued)*

32 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

32.3 Fair value of assets and liabilities *(continued)*

(b) Fair value measurements of assets and liabilities that are measured at fair value *(continued)*

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the consolidated statement of financial position at the end of the reporting period (continued):

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Recurring fair value measurements</i>				
2020				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Quoted equity security	120	–	–	120
Financial asset at fair value through profit or loss	–	–	10,069	10,069
Total financial assets	120	–	10,069	10,189
Non-financial assets				
Property, plant and equipment				
– Freehold land and buildings	–	–	24,723	24,723
Investment property				
– Freehold land and building	–	–	4,177	4,177
Intangible asset				
– Investment in club memberships	–	204	–	204
Total non-financial assets	–	204	28,900	29,104

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the Group's current financial assets and current financial liabilities approximate their fair values as at the reporting date due to their short-term maturities.

Notes to the Consolidated Financial Statements *(continued)*

32 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

32.3 Fair value of assets and liabilities *(continued)*

(d) Valuation process applied by the Group

The fair values of investment property and property, plant and equipment-freehold properties are determined by external, independent property valuers, having appropriate professional qualifications and experience in the relevant locations and category of property being valued at the end of every financial year. For valuation performed by external valuers, management considers the appropriateness of the valuation technique and assumptions applied by the external valuers. The measurement of fair values of other assets and liabilities within Level 3 fair value hierarchy is performed by the Group's finance department on an annual basis. If third party quotes or pricing information are used to measure fair value, the finance department assesses the evidence obtained from the third parties to assess if such valuations meet the IFRS and the fair value level hierarchy the measurement should be classified in. The valuation reports and changes in fair value measurements are analysed and reported to the Group's Chief Financial Officer regularly. Significant valuation issues are reported to the Audit Committee.

33 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities or guarantees as at 31 December 2021 (2020: Nil).

34 DIVIDENDS

No dividend has been paid or declared by the Company during the financial year (2020: S\$Nil).

Notes to the Consolidated Financial Statements *(continued)*

35 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	<i>Note</i>	2021 S\$'000	2020 S\$'000
Non-current assets			
Investment in subsidiaries		– *	– *
Financial asset at fair value through other comprehensive income		9,519	–
Total non-current assets		9,519	–
Current assets			
Amount due from ultimate holding company		–	50
Amount due from subsidiaries		16,846	32,877
Financial asset at fair value through other comprehensive income		247	–
Prepayments		55	23
Interest receivable		123	–
Cash and cash equivalents		532	334
Total current assets		17,803	33,284
Total assets		27,322	33,284
Current liabilities			
Other payables		2,467	2,355
Total liabilities		2,467	2,355
Net assets		24,855	30,929
Equity			
Share capital	<i>(a)</i>	1,585	1,585
Share premium	<i>(a)</i>	34,440	34,440
Revaluation reserve	<i>(a)</i>	(158)	–
Accumulated losses	<i>(a)</i>	(11,012)	(5,096)
Total equity		24,855	30,929

* Amount less than S\$1,000

Notes to the Consolidated Financial Statements *(continued)*

35 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

Note (a) – Reserve movement of the Company

	Share capital S\$'000	Share premium S\$'000	Revaluation reserve for financial asset at FVOCI S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 January 2020	1,454	26,697	–	(4,386)	23,765
<i>Comprehensive loss</i>					
Loss for the financial year	–	–	–	(710)	(710)
Issuance of shares	131	7,743	–	–	7,874
Balance at 31 December 2020	1,585	34,440	–	(5,096)	30,929
<i>Comprehensive loss</i>					
Loss for the financial year	–	–	–	(5,916)	(5,916)
Other comprehensive loss for the financial year	–	–	(158)	–	(158)
Balance at 31 December 2021	1,585	34,440	(158)	(11,012)	24,855

Five Years Financial Summary

	Year ended 31 December 2021 S\$'000	Year ended 31 December 2020 S\$'000	Year ended 31 December 2019 S\$'000	Year ended 31 December 2018 S\$'000	Year ended 31 December 2017 S\$'000
RESULTS					
Revenue	14,638	7,169	19,900	19,036	37,570
(Loss) Profit before taxation	(4,003)	(3,129)	(7,615)	1,496	6,901
Income tax credit (expense)	-	-	48	(759)	(1,506)
(Loss) Profit for the year	(4,003)	(3,129)	(7,567)	737	5,395
Attributable to owners of the Company	(4,002)	(3,129)	(7,564)	737	5,395
Non-controlling interests	(1)	-	(3)	-	-
	(4,003)	(3,129)	(7,567)	737	5,395
ASSETS AND LIABILITIES					
Total assets	56,499	59,965	52,869	62,233	67,009
Total liabilities	7,646	7,886	5,504	6,545	14,422
Total equity	48,853	52,079	47,365	55,688	52,587
Equity attributable to owners of the Company	48,856	52,081	47,368	55,688	52,587
Non-controlling interests	(3)	(2)	(3)	-	-
	48,853	52,079	47,365	55,688	52,587