



GENERATING A  
**SUSTAINABLE**  
FUTURE

ANNUAL REPORT **2021**



# TABLE OF CONTENTS

CORPORATE PROFILE	01
CHAIRMAN'S STATEMENT	02
BOARD OF DIRECTORS	04
MANAGEMENT PROFILE	07
FINANCIAL REPORT	08

*This Annual Report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.*

*The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*



## CORPORATE PROFILE

**Progen Holdings Ltd (“Progen” or the “Company”, together with its subsidiaries, the “Group”) is an investment holding company and forms part of the Progen Group of Companies. The Group has more than four decades of experience in the design, supply, installation and maintenance of air-conditioning and mechanical ventilation systems. The Group comprises subsidiaries in Singapore and Malaysia.**



The Group was founded more than forty years ago when Mr Lee Ee @ Lee Eng started the first company in the Group, Progen Pte Ltd, to supply and install air-conditioning systems. Since then, the Group has grown to become one of the leading corporations in the industry. With the different subsidiaries, Progen is a one-stop service provider that provides a full spectrum of services from delivering proficient before-sales consultation to offering quality after-sales service and top maintenance service to our clients in the public and private sectors, in relation to a wide variety of cooling systems for industrial, commercial and residential developments.

Progen’s wealth of engineering experience, proficiency and skills as well as strong market positioning have made it one of the top players in the industry. Our team of engineers designs systems that meet the precise needs of customers, and together with our after-sales service consultants, assist clients in minimising long-term maintenance costs and maximising the working life of their systems.

In recent years, the Group has undertaken research and development activities to study the possibilities of increasing efficiencies of the cooling systems commonly used in the local market. Through its wholly owned subsidiary, Progen Pte Ltd, the Company has collaborated with Nanyang Technological University (NTU), School of Mechanical & Aerospace Engineering to research into areas related to this aspect. Such collaborative research works have concluded and the Group has been granted full rights to market and commercialise the researched product.

Priding ourselves on our professionalism and engineering expertise, Progen will strive to continue to be in a league of its own for many years to come.

## CHAIRMAN'S STATEMENT



With the gradual resumption of the construction industry after the circuit breaker period, the Group's revenue for the financial year under review increased by S\$0.9 million or 30.9% from S\$3.0 million as at 31 December 2020 ("**FY2020**") to S\$3.9 million as at 31 December 2021 ("**FY2021**"). Based on the press release<sup>1</sup> from the Ministry of Trade and Industry, the construction sector grew by 18.7% on a year-on-year basis in 2021 but the activity level at construction worksites is still much lower than pre-COVID period. The Group's loss net of tax was S\$2.7 million in FY2021, compared to S\$2.9 million in FY2020, mainly due to the revaluation loss on the investment property of S\$2.0 million.

The Group's loss per share for FY2021 was 0.685 Singapore cents per share compared to 0.752 Singapore cents per share for FY2020 and the Group's net asset value per share dropped to 6.627 Singapore cents per share as at 31 December 2021 from 7.313 Singapore cents per share as at 31 December 2020.

Although the Group had net current liabilities as at 31 December 2021, the Group will be able to meet its financial obligations for the next 12 months as and when they fall due as it is expecting revenue from its products and installation segment and has unutilised revolving credit facility which is sufficient to fulfill its working capital requirements.

With the relaxation of Singapore's COVID-19 safe management measures, the Group is optimistic that the activities in the construction industry will continue to improve in the financial year ending 31 December 2022. However, with the rise in raw material and transportation costs exacerbated by the war between Russia and Ukraine, the industry that the Group operates in continues to be challenging and uncertain. The Group shall continue to exercise caution in taking up new projects and tighten its credit risk management. We shall continue to tap on our established track records and networks, together with our acquired experiences and expertise to enhance shareholders' value.

On behalf of the Board, I would like to thank all shareholders, our valued customers and business associates for your strong support even in these difficult economic conditions. We are also grateful and appreciative to the contributions and commitments from the management and staff during these difficult times. Lastly, I would like to express my gratitude to my fellow board of directors.

Yours Sincerely  
**Tan Eng Liang**  
 Independent Director and Non-Executive Chairman

<sup>1</sup> [https://www.mti.gov.sg/Newsroom/Press-Releases/2022/01/Singapore-GDP-Grew-by-5\\_9-Per-Cent-in-the-Fourth-Quarter-of-2021-and-by-7\\_2-Per-Cent-in-2021](https://www.mti.gov.sg/Newsroom/Press-Releases/2022/01/Singapore-GDP-Grew-by-5_9-Per-Cent-in-the-Fourth-Quarter-of-2021-and-by-7_2-Per-Cent-in-2021)



An aerial view of a city with a large, semi-transparent globe overlaying the top half. The globe is surrounded by various icons representing sustainability, such as a sun, solar panel, wind turbine, water drop, recycling, and a person in a wheelchair. The city below is densely packed with buildings and green spaces. The overall color palette is dominated by blues and greens.

# DEDICATED IN SHAPING A SUSTAINABLE FUTURE FOR ALL

219.98

641.52

49.6



## BOARD OF DIRECTORS



### **DR TAN ENG LIANG**

INDEPENDENT DIRECTOR AND NON-EXECUTIVE CHAIRMAN

Dr Tan was appointed to our Board of Directors on 24 October 1997 and was last re-appointed on 25 June 2020. Dr Tan was appointed as Non-Executive Chairman on 1 March 2014. He is also the Chairman of the Audit & Risk Committee and Investment Review Committee, and a member of the Nominating Committee and Remuneration Committee.

Dr Tan was a Member of Parliament from 1972 to 1980, the Senior Minister of State for National Development from 1975 to 1978, and Senior Minister of State for Finance from 1978 to 1979. He also served as the Chairman of the Urban Redevelopment Authority from 1974 to 1978, Chairman of the Singapore Sports Council from 1975 to 1991, Deputy Chairman of Singapore Manufacturers' Association in 1972 and Deputy Chairman of Singapore Institute of Standards and Industrial Research (SISIR) from 1973 to 1975. Dr Tan has a Doctorate from Oxford University, England. Dr Tan was awarded the Public Service Star (BBM), Public Service Star – Bar (BBM(L)) and the Meritorious Service Medal (PJG) by the Singapore Government in 1971, 1985, and 1991 respectively.

Dr Tan currently sits on the board of Tung Lok Restaurant (2000) Ltd. In September 2020, he stepped down as Vice President of the Singapore National Olympic Council after 28 years of service.



### **MR LEE EE @ LEE ENG**

MANAGING DIRECTOR

Mr Lee, our Managing Director, is the founder of the Group and was appointed to our Board of Directors on 13 July 1996 when the Company was incorporated. He was last re-appointed on 29 April 2021. Mr Lee is also a member of the Nominating Committee and Investment Review Committee.

Mr Lee has more than 50 years of experience in the air-conditioning, refrigeration and climate control industry. He started his career in Amcol Pte Ltd in 1970 and later served as Engineering Sales Manager in Sime Darby (S) Pte Ltd and as Dealer Development Manager in York International. Mr Lee spent 10 years in private companies before setting up his own business, Progen Pte Ltd in 1981.

## BOARD OF DIRECTORS



**MR CH'NG JIT KOON**

INDEPENDENT NON-EXECUTIVE DIRECTOR



**MR CHEE WAI PONG**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Ch'ng was appointed to our Board of Directors on 24 October 1997 and was last re-appointed on 25 April 2019. He is the Chairman of the Remuneration Committee and a member of the Audit & Risk Committee, Nominating Committee and Investment Review Committee.

Mr Ch'ng was a Member of the Singapore Parliament from 1968 to 1996. At the time of his retirement in January 1997, he was the Senior Minister of State, Ministry of Community Development. Mr Ch'ng holds a Bachelor of Arts (Economics and Political Science) degree from Nanyang University, Singapore (now Nanyang Technological University). Mr Ch'ng was awarded the Distinguished Service Order (DUBC) at the National Day Awards in 2015.

Mr Ch'ng currently sits on the board of Santak Holdings Limited. He also serves in several community organisations. Mr Ch'ng's past directorships in the last three years include Pan-United Corporation Ltd.

Mr Chee was appointed to our Board of Directors on 16 January 2013 and was last re-elected on 29 April 2021. He is the Chairman of the Nominating Committee and a member of the Audit & Risk Committee and Remuneration Committee.

Mr Chee joined the Legal Service and was appointed a Deputy Public Prosecutor/State Counsel from 1971 to 1973. He was appointed a Magistrate and then District Judge and the State Coroner between 1973 and 1976. Mr Chee then joined M/s Osborne Jones & Co as a Partner from August 1976 to December 1978 and was a Partner of M/s Ng Ong & Chee from January 1979 to December 2006. Mr Chee started his own practice under the name and style of Chee Wai Pong & Co on 1 January 2007. He has a Bachelor of Law Degree (LL.B. Hons) from the University of Singapore.

Mr Chee currently sits on the board of Tung Lok Restaurant (2000) Ltd. He is the honorary legal advisor to the Medical Alumni and Ling Kwang Home for Senior Citizens.

## BOARD OF DIRECTORS



### **MR FRANCIS LAU CHOO YEW**

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lau was appointed to our Board of Directors on 9 February 2015 and was last re-elected on 25 June 2020.

Mr Lau holds an Honours Degree in Bachelor of Building from the University of New South Wales, Australia and is also a Chartered Quantity Surveyor, Chartered Builder and Registered Quantity Surveyor with professional institutions of Australia, United Kingdom, Malaysia and Brunei Darussalam. He has received several awards in the region including Outstanding Entrepreneur for the Asia Pacific Entrepreneurship Award in Brunei in 2008, 2010, 2012 and 2014 and Overseas Enterprise Award for SME One Asia Awards in Singapore in 2013.

Mr Lau is currently the Managing Director of LCY Development Sdn. Bhd. and holds directorships in several private companies in Australia, Brunei, Malaysia and Singapore that specialises in property development and investment.



## MANAGEMENT PROFILE



**MR DONG FAGEN** is the Project Director. He joined the Group as the Import and Export Manager in 1995. Mr Dong holds a Diploma in Mechanical Engineering from Shanghai Jiaotong University, China, and is presently in charge of the project department of the Group.

**MS CINDY LEE** is the Admin and Corporate Affairs Director. She joined the Group as an Accountant in 1999. Ms Lee graduated from Nanyang Technological University with a Bachelor's Degree in Accountancy and is currently a member of the Institute of Singapore Chartered Accountants. She is currently in charge of the administrative matters and corporate affairs and oversees the finance department of the Group.

**MR ANDY LEE YUNG LI** is the Senior Manager. He joined the Group in 2009 as Project Manager. Mr Lee graduated with a Bachelor in Electrical Engineering from University of Newcastle, Australia. He is presently responsible for product innovation and development and oversees a few projects in the Group.



**MS HAN JING** is the Marketing Director. She has been with the Group since 1998. Ms Han graduated with a Master's Degree in Mechanical Engineering from National University of Defense Technology, China in 1984 and is currently responsible for the marketing and business development for the Group.

**MR DESMOND LING** is the Service Manager. He has been with the Group since 1986 and has more than 30 years of hands-on experience in servicing ACMV systems for residential, industrial and commercial developments. Mr Ling is currently overseeing and managing the servicing arm of the Group.

# FINANCIAL CONTENTS

CORPORATE GOVERNANCE	09
SUSTAINABILITY REPORT	43
DIRECTORS' STATEMENT	47
INDEPENDENT AUDITOR'S REPORT	49
BALANCE SHEETS	54
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	55
STATEMENTS OF CHANGES IN EQUITY	56
CONSOLIDATED CASH FLOW STATEMENT	57
NOTES TO THE FINANCIAL STATEMENTS	58
SHAREHOLDERS' INFORMATION	105
NOTICE OF ANNUAL GENERAL MEETING	107
PROXY FORM	



# CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) of Progen Holdings Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and place importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 December 2021 (“**FY2021**”), with specific reference made to the principles of the Code of Corporate Governance 2018 (the “**Code**”), the Practice Guidance issued by the Monetary Authority of Singapore in August 2018 (“**PG**”) as well as the disclosure guide developed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in January 2015 (the “**Guide**”).

Provision	Code and/or Guide Description	Company’s Compliance or Explanation														
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code?</p> <p>If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</p>	<p>The Company has complied with the principles and guidelines as set out in the Code, PG and the Guide, where applicable.</p> <p>Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code, PG and/or the Guide.</p> <p>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2021.</p>														
<b>BOARD MATTERS</b>																
<b>The Board’s Conduct of Affairs</b>																
1.1	What is the role of the Board?	<p>At the date of this report, the Board comprised 5 members as follows:</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Table 1.1 – Composition of the Board</b></th> </tr> <tr> <th><b>Name of Director</b></th> <th><b>Designation</b></th> </tr> </thead> <tbody> <tr> <td>Dr Tan Eng Liang (“<b>Dr Tan</b>”)</td> <td>Independent Director and Non-Executive Chairman</td> </tr> <tr> <td>Mr Lee Ee @ Lee Eng (“<b>Mr Lee</b>”)</td> <td>Managing Director</td> </tr> <tr> <td>Mr Ch’ng Jit Koon (“<b>Mr Ch’ng</b>”)</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Mr Chee Wai Pong (“<b>Mr Chee</b>”)</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Mr Francis Lau Choo Yew (“<b>Mr Lau</b>”)</td> <td>Non-Independent Non-Executive Director</td> </tr> </tbody> </table>	<b>Table 1.1 – Composition of the Board</b>		<b>Name of Director</b>	<b>Designation</b>	Dr Tan Eng Liang (“ <b>Dr Tan</b> ”)	Independent Director and Non-Executive Chairman	Mr Lee Ee @ Lee Eng (“ <b>Mr Lee</b> ”)	Managing Director	Mr Ch’ng Jit Koon (“ <b>Mr Ch’ng</b> ”)	Independent Non-Executive Director	Mr Chee Wai Pong (“ <b>Mr Chee</b> ”)	Independent Non-Executive Director	Mr Francis Lau Choo Yew (“ <b>Mr Lau</b> ”)	Non-Independent Non-Executive Director
<b>Table 1.1 – Composition of the Board</b>																
<b>Name of Director</b>	<b>Designation</b>															
Dr Tan Eng Liang (“ <b>Dr Tan</b> ”)	Independent Director and Non-Executive Chairman															
Mr Lee Ee @ Lee Eng (“ <b>Mr Lee</b> ”)	Managing Director															
Mr Ch’ng Jit Koon (“ <b>Mr Ch’ng</b> ”)	Independent Non-Executive Director															
Mr Chee Wai Pong (“ <b>Mr Chee</b> ”)	Independent Non-Executive Director															
Mr Francis Lau Choo Yew (“ <b>Mr Lau</b> ”)	Non-Independent Non-Executive Director															

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principal functions are, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• setting the business direction for the Company;</li> <li>• monitoring and reviewing the financial performance of the Company;</li> <li>• safeguarding the Company's assets;</li> <li>• protecting and enhancing shareholders' value;</li> <li>• overseeing internal control of the Company;</li> <li>• holding Management accountable for performance;</li> <li>• putting in place a code of conduct and ethics; and</li> <li>• setting and approving the Company's strategic plans, major investment and divestment proposals, values and standards.</li> </ul>
1.1	Where a director faces a conflict of interest, does he disclose this and recuse himself from meetings and decisions involving he issue?	Each director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction as soon as practicable after the relevant facts have come to his knowledge. Unless the Board is of the opinion that such director's presence and participation is necessary to enhance the efficacy of the discussion, he shall not be present for the meeting relating to the issue. Nevertheless, he shall abstain from voting in relation to the conflict-related issue.
1.3	What are the types of material transactions which require approval from the Board?	<p>Matters that require the Board's approval include, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• approval of release of financial results to the SGX-ST;</li> <li>• approval of annual results and accounts;</li> <li>• declaration of interim and proposal of final dividends;</li> <li>• approval of corporate strategy;</li> <li>• convening of shareholders' meetings; and</li> <li>• authorisation of major transactions.</li> </ul>



# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation																									
1.4 4.2 6.2 10.2	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>The Board has delegated certain responsibilities to the Audit and Risk Committee (the "ARC"), the Remuneration Committee (the "RC"), the Nominating Committee (the "NC") and the Investment Review Committee (the "IRC") (collectively, the "Board Committees"). The compositions of the Board Committees at the date of this report are as follows:</p> <table border="1"> <caption><b>Table 1.4 – Composition of the Board Committees</b></caption> <thead> <tr> <th></th> <th>ARC<sup>(1)</sup></th> <th>NC<sup>(2)</sup></th> <th>RC<sup>(3)</sup></th> <th>IRC<sup>(4)</sup></th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Dr Tan</td> <td>Mr Chee</td> <td>Mr Ch'ng</td> <td>Dr Tan</td> </tr> <tr> <td>Member</td> <td>Mr Ch'ng</td> <td>Dr Tan</td> <td>Dr Tan</td> <td>Mr Ch'ng</td> </tr> <tr> <td>Member</td> <td>Mr Chee</td> <td>Mr Ch'ng</td> <td>Mr Chee</td> <td>Mr Lee</td> </tr> <tr> <td>Member</td> <td></td> <td>Mr Lee</td> <td></td> <td></td> </tr> </tbody> </table> <p><i>Notes:</i></p> <p>(1) The ARC comprises 3 members, all of whom are non-executive and independent.</p> <p>(2) The NC comprises 4 members, the majority of whom, including the Chairman, are independent.</p> <p>(3) The RC comprises 3 members, all of whom are non-executive and independent.</p> <p>(4) The IRC comprises 3 members, the majority of whom, including the Chairman, are independent.</p> <p><b>Investment Review Committee</b></p> <p>The duties of the IRC include the following:–</p> <ol style="list-style-type: none"> <li>to review all investment opportunities that may be identified for the purpose of short-listing investments that fit into the overall expansion plan of the Group;</li> <li>to evaluate short-listed investments and table them for the approval of the Board; and</li> <li>to prepare executive summaries on the investments for the Board.</li> </ol> <p>The IRC shall be provided with adequate resources to carry out their duties.</p> <p>The Board Committees, which operate within clearly defined terms of reference, are actively engaged and play an important role in ensuring good corporate governance of the Group. All recommendations of the Board Committees are subsequently reviewed by the Board.</p> <p>Please refer to pages 28, 17 and 22 for the key terms of reference of ARC, NC, and RC respectively.</p>		ARC <sup>(1)</sup>	NC <sup>(2)</sup>	RC <sup>(3)</sup>	IRC <sup>(4)</sup>	Chairman	Dr Tan	Mr Chee	Mr Ch'ng	Dr Tan	Member	Mr Ch'ng	Dr Tan	Dr Tan	Mr Ch'ng	Member	Mr Chee	Mr Ch'ng	Mr Chee	Mr Lee	Member		Mr Lee		
	ARC <sup>(1)</sup>	NC <sup>(2)</sup>	RC <sup>(3)</sup>	IRC <sup>(4)</sup>																							
Chairman	Dr Tan	Mr Chee	Mr Ch'ng	Dr Tan																							
Member	Mr Ch'ng	Dr Tan	Dr Tan	Mr Ch'ng																							
Member	Mr Chee	Mr Ch'ng	Mr Chee	Mr Lee																							
Member		Mr Lee																									

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation																																																
1.5	Have the Board and Board Committees met in the last financial year?	<p>The Board and Board Committees meet on a regular basis, and/or as and when circumstances require. In FY2021, the number of Board and Board Committee Meetings and Annual General Meeting ("AGM") held and the attendance of each Board member are shown below.</p> <table border="1"> <caption><b>Table 1.5 – Board and Board Committee Meetings in FY2021</b></caption> <thead> <tr> <th></th> <th>Board</th> <th>ARC</th> <th>NC</th> <th>RC</th> <th>AGM</th> </tr> </thead> <tbody> <tr> <td>Number of Meetings Held</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <th>Name of Director</th> <th colspan="5">Number of Meetings Attended</th> </tr> <tr> <td>Dr Tan</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Lee</td> <td>4</td> <td>4*</td> <td>1</td> <td>1*</td> <td>1</td> </tr> <tr> <td>Mr Ch'ng</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Chee</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Lau</td> <td>3</td> <td>3*</td> <td>1*</td> <td>1*</td> <td>1</td> </tr> </tbody> </table> <p>* Attendance by invitation of the respective Committees</p> <p>The IRC did not hold any meetings during FY2021.</p>		Board	ARC	NC	RC	AGM	Number of Meetings Held	4	4	1	1	1	Name of Director	Number of Meetings Attended					Dr Tan	4	4	1	1	1	Mr Lee	4	4*	1	1*	1	Mr Ch'ng	4	4	1	1	1	Mr Chee	4	4	1	1	1	Mr Lau	3	3*	1*	1*	1
	Board	ARC	NC	RC	AGM																																													
Number of Meetings Held	4	4	1	1	1																																													
Name of Director	Number of Meetings Attended																																																	
Dr Tan	4	4	1	1	1																																													
Mr Lee	4	4*	1	1*	1																																													
Mr Ch'ng	4	4	1	1	1																																													
Mr Chee	4	4	1	1	1																																													
Mr Lau	3	3*	1*	1*	1																																													
1.6	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by Management to Independent Directors are set out in the table below:</p> <table border="1"> <caption><b>Table 1.6 – Types of information provided by key management personnel to Independent Directors</b></caption> <thead> <tr> <th></th> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td>Prior to Board Meetings (held at least half-yearly)</td> </tr> <tr> <td>2.</td> <td>Updates to the Group's operations and the markets in which the Group operates in</td> <td>As and when necessary</td> </tr> <tr> <td>3.</td> <td>Budgets and/or forecasts (with variance analysis), management accounts</td> <td>Half yearly</td> </tr> <tr> <td>4.</td> <td>Reports on on-going or planned corporate actions</td> <td>As and when necessary</td> </tr> <tr> <td>5.</td> <td>Enterprise risk framework and internal auditors' report(s)</td> <td>Half yearly</td> </tr> </tbody> </table>		Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Prior to Board Meetings (held at least half-yearly)	2.	Updates to the Group's operations and the markets in which the Group operates in	As and when necessary	3.	Budgets and/or forecasts (with variance analysis), management accounts	Half yearly	4.	Reports on on-going or planned corporate actions	As and when necessary	5.	Enterprise risk framework and internal auditors' report(s)	Half yearly																														
	Information	Frequency																																																
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Prior to Board Meetings (held at least half-yearly)																																																
2.	Updates to the Group's operations and the markets in which the Group operates in	As and when necessary																																																
3.	Budgets and/or forecasts (with variance analysis), management accounts	Half yearly																																																
4.	Reports on on-going or planned corporate actions	As and when necessary																																																
5.	Enterprise risk framework and internal auditors' report(s)	Half yearly																																																



# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
		<p>Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least 3 days prior to the meetings to allow sufficient time for the Directors' review.</p> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>
1.7	<p>Does the Board have access to the senior management and the Company Secretary?</p> <p>What is the role of the Company Secretary?</p> <p>Does the Board have access to professional advice?</p>	<p>The Board has separate and independent access to the senior management and the Company Secretary at all times.</p> <p>The Company Secretary or her representative attends Board and Board Committee meetings and is responsible to ensure that board procedures are followed and applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter that has to be decided for the Board as a whole.</p> <p>The Board also has access to independent professional advice where appropriate at the Company's expenses in relation to the Company's affairs.</p>
1.2 1.6	<p>(a) Are new Directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</p>	<p>All newly appointed directors will be given briefings by Management on the history and business operations and corporate governance practices of the Company. The Company will, from time to time, organise briefing sessions for the directors to enable them to keep pace with regulatory changes which have a material bearing on the Company and these sessions will be funded by the Company. All newly appointed directors will be provided with formal letters setting out their duties and obligations.</p> <p>A newly appointed director without experience as a director of SGX-listed company will be required to, within one year of appointment, attend relevant training seminars and courses organised by bodies such as the Accounting and Corporate Regulatory Authority of Singapore, SGX-ST and the Singapore Institute of Directors to familiarise themselves on compliance, regulatory and corporate governance matters, at the expense of the Company.</p> <p>Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. During FY2021, the external auditor ("EA") had briefed the ARC on changes or amendments to accounting standards which have a direct impact on financial statements. The Company Secretary and Company's continuing sponsor had also provided updates on changes to applicable law and regulations as and when appropriate.</p> <p>In compliance with the relevant Catalist Rules that took effect from 1 January 2022, from FY2022, the Directors will also undergo training on sustainability matters as prescribed by SGX-ST.</p>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
<b>Board Composition and Guidance</b>		
2.2 2.3 3.3	Does the Company comply with the Code on the proportion of Independent Directors and/or Non-Executive Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	<p>The Board is not required to comprise a majority of Independent Directors as the Chairman is independent. Currently, the Independent Directors make up more than half of the Board and Non-Executive Directors make up a majority of the Board.</p> <p>No Lead Independent Director has been appointed to the Board as the Chairman is not conflicted and is independent.</p>
2.1 4.4	Has the independence of the Independent Directors been reviewed in the last financial year?	<p>The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent. In addition, the NC reviews the individual directors' declaration in their assessment of independence.</p> <p>The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code and PG. The Independent Directors have also confirmed their independence in accordance with the Code and PG.</p>
	<p>(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.</p>
2.1	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	<p>Notwithstanding that Dr Tan, Mr Ch'ng and Mr Chee have served beyond nine years since the date of their respective first appointments, the Board is of the view that Dr Tan, Mr Ch'ng and Mr Chee are independent as each of them has:</p> <ul style="list-style-type: none"> <li>• contributed constructively throughout his term in the Company;</li> <li>• sought clarification and amplification as he deemed necessary, including through direct access to key management personnel; and</li> <li>• provided impartial advice and insights, and has exercised his independent judgement in doing so.</li> </ul>



# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The following assessments were conducted and deliberated by the Board before arriving at the conclusion:–</p> <ul style="list-style-type: none"> <li>• review of Board and Board Committee meetings minutes to assess questions and voting actions of Dr Tan, Mr Ch'ng and Mr Chee;</li> <li>• Dr Tan's, Mr Ch'ng's and Mr Chee's declarations and individual evaluations; and</li> <li>• peer and board committee performance assessment done by the other Directors.</li> </ul> <p>Pursuant to Catalist Rule 406(3)(d)(iii) (effective from 1 January 2022), to ensure the independence designation of a director who has served for more than 9 years, Dr Tan, Mr Ch'ng and Mr Chee were re-elected as Independent Directors at the AGM of the Company on 29 April 2021, whereby the approvals were sought by way of separate resolutions by (A) all shareholders; and (B) shareholders, excluding the Directors, CEO, and associates of such Directors and the CEO; and these resolutions will remain in force until the earlier of (X) the retirement or resignation of the Director; or (Y) the conclusion of the third annual general meeting of the Company following the passing of the resolution.</p>
2.4	(a) What are the steps taken by the Board to progressively renew the Board composition?	<p>The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.</p> <p>To meet the changing challenges in the industry and countries which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on an annual basis to ensure that the Board dynamics remain optimal.</p>
	(b) What is the Board's policy with regard to diversity in identifying director nominees?	<p>The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.</p>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation																											
	(c) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	<p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1"> <thead> <tr> <th colspan="3"><b>Table 2.4 – Balance and Diversity of the Board</b></th> </tr> <tr> <th></th> <th><b>Number of Directors</b></th> <th><b>Proportion of Board</b></th> </tr> </thead> <tbody> <tr> <td><b>Core Competencies</b></td> <td></td> <td></td> </tr> <tr> <td>– Accounting or finance</td> <td>4</td> <td>80%</td> </tr> <tr> <td>– Business management</td> <td>5</td> <td>100%</td> </tr> <tr> <td>– Legal or corporate governance</td> <td>2</td> <td>40%</td> </tr> <tr> <td>– Relevant industry knowledge or experience</td> <td>1</td> <td>20%</td> </tr> <tr> <td>– Strategic planning experience</td> <td>5</td> <td>100%</td> </tr> <tr> <td>– Customer based experience or knowledge</td> <td>5</td> <td>100%</td> </tr> </tbody> </table> <p>Details of the Directors' qualifications and experiences are set out on pages 4 to 6 of this Annual Report.</p>	<b>Table 2.4 – Balance and Diversity of the Board</b>				<b>Number of Directors</b>	<b>Proportion of Board</b>	<b>Core Competencies</b>			– Accounting or finance	4	80%	– Business management	5	100%	– Legal or corporate governance	2	40%	– Relevant industry knowledge or experience	1	20%	– Strategic planning experience	5	100%	– Customer based experience or knowledge	5	100%
<b>Table 2.4 – Balance and Diversity of the Board</b>																													
	<b>Number of Directors</b>	<b>Proportion of Board</b>																											
<b>Core Competencies</b>																													
– Accounting or finance	4	80%																											
– Business management	5	100%																											
– Legal or corporate governance	2	40%																											
– Relevant industry knowledge or experience	1	20%																											
– Strategic planning experience	5	100%																											
– Customer based experience or knowledge	5	100%																											
	(d) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>While the Company has not implemented a fixed diversity policy, the Board are cognisant to the recommendations as set out under Provision 2.4 and has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</li> <li>• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</li> </ul> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p> <p>The Board aims to have an appropriate mix of members with complementary skills, core competencies and experience for the Company, regardless of gender. The Independent Directors and Non-Executive Directors contribute accounting and finance knowledge, legal expertise and business management experience to the Group, and provide the Executive Director and the Management with diverse and objective perspectives on issues considered by the Board. The Independent Directors and Non-Executive Director also aid in developing the Group's strategic process, reviewing the performance of the Management in meeting the goals and objectives set out, and monitoring the report of performance and operations as an appropriate check and balance. The Board considers that its current Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.</p> <p>With the introduction of Rule 710(A) of the Catalist Rules effective from 1 January 2022, the Board will endeavour to maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity, and describe such policy in its Annual Report for the financial year ending 31 December 2022.</p>																											

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
2.5	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Non-Executive Directors have met at least once in the absence of key management personnel in FY2021. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.
<b>Chairman and Chief Executive Officer</b>		
3.1 3.2	Are the duties between Chairman and Chief Executive Officer ("CEO") segregated?	<p>The roles of the Chairman and the Managing Director are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the Managing Director.</p> <p>Dr Tan, the Non-Executive Independent Chairman, leads the Board and facilitates its effectiveness on all aspects of its role. Dr Tan, in consultation with the Managing Director, schedules and sets the agenda for Board meetings. In addition, he sets guidelines on and ensures quality, quantity, accurateness, and timeliness of information flow between the Board, Management and shareholders of the Company. He encourages and builds constructive relations between the Board and Management, and facilitates the effective contribution of the Non-Executive Directors. He also undertakes a leading role in ensuring the Company's compliance with corporate governance guidelines.</p> <p>Mr Lee, the Managing Director, is responsible for the execution of the Company's strategies and policies made by the Board, and the Company's daily operations.</p>
<b>Board Membership</b>		
4.1	What are the duties of the NC?	<p>The NC is guided by key terms of reference as follows:</p> <ol style="list-style-type: none"> <li>1. to review, assess, make recommendations to the Board on the appointment of directors, including making recommendations on the composition of the Board and provide all newly appointed directors a formal letter setting out his/her duties and obligations;</li> <li>2. to regularly review the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the directors as a group; and make recommendations to the Board with regards to any adjustments that may be deemed necessary;</li> <li>3. to review, assess and recommend nominees or candidates for appointment or re-election to the Board, and to consider his/her competencies, commitment, contribution, performance and whether he/she is independent;</li> <li>4. to make plans for succession, in particular for the Chairman of the Board and Managing Director and key management personnel;</li> <li>5. to prepare and recommend, for approval of the Board, written guidelines on the division of responsibilities of the Chairman of the Board and the Managing Director;</li> <li>6. to determine, on an annual basis whether a director is independent;</li> </ol>



# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation															
		<p>7. to recommend directors who are retiring by rotation to be put forward for re-election;</p> <p>8. to decide whether or not a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he has multiple board representations and/or other principal commitments;</p> <p>9. to recommend to the Board internal guidelines to address the competing time commitments faced by directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold;</p> <p>10. to assess the effectiveness of the Board as a whole, and Board Committees and the contribution of each individual director to the effectiveness of the Board; and</p> <p>11. to review the training and development programs for the Board.</p>															
4.3	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<table border="1"> <thead> <tr> <th colspan="3" data-bbox="707 1003 1434 1088"><b>Table 4.3(a) – Process for the Selection and Appointment of New Directors</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="707 1088 767 1294">1.</td> <td data-bbox="767 1088 991 1294">Determination of selection criteria</td> <td data-bbox="991 1088 1434 1294"> <ul style="list-style-type: none"> <li>The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board.</li> </ul> </td> </tr> <tr> <td data-bbox="707 1294 767 1500">2.</td> <td data-bbox="767 1294 991 1500">Search for suitable candidates</td> <td data-bbox="991 1294 1434 1500"> <ul style="list-style-type: none"> <li>The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</li> </ul> </td> </tr> <tr> <td data-bbox="707 1500 767 1675">3.</td> <td data-bbox="767 1500 991 1675">Assessment of shortlisted candidates</td> <td data-bbox="991 1500 1434 1675"> <ul style="list-style-type: none"> <li>The NC would deliberate on the competencies of each shortlisted candidate against the needs of the Board to select a candidate for the directorship role.</li> </ul> </td> </tr> <tr> <td data-bbox="707 1675 767 1798">4.</td> <td data-bbox="767 1675 991 1798">Appointment of Director</td> <td data-bbox="991 1675 1434 1798"> <ul style="list-style-type: none"> <li>The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul> </td> </tr> </tbody> </table>	<b>Table 4.3(a) – Process for the Selection and Appointment of New Directors</b>			1.	Determination of selection criteria	<ul style="list-style-type: none"> <li>The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board.</li> </ul>	2.	Search for suitable candidates	<ul style="list-style-type: none"> <li>The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</li> </ul>	3.	Assessment of shortlisted candidates	<ul style="list-style-type: none"> <li>The NC would deliberate on the competencies of each shortlisted candidate against the needs of the Board to select a candidate for the directorship role.</li> </ul>	4.	Appointment of Director	<ul style="list-style-type: none"> <li>The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul>
<b>Table 4.3(a) – Process for the Selection and Appointment of New Directors</b>																	
1.	Determination of selection criteria	<ul style="list-style-type: none"> <li>The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board.</li> </ul>															
2.	Search for suitable candidates	<ul style="list-style-type: none"> <li>The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</li> </ul>															
3.	Assessment of shortlisted candidates	<ul style="list-style-type: none"> <li>The NC would deliberate on the competencies of each shortlisted candidate against the needs of the Board to select a candidate for the directorship role.</li> </ul>															
4.	Appointment of Director	<ul style="list-style-type: none"> <li>The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul>															

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation						
		<p data-bbox="710 521 1423 555"><b>Table 4.3(b) – Process for the Re-election of Incumbent Directors</b></p> <table border="1" data-bbox="710 560 1423 981"> <tr> <td data-bbox="710 560 766 772">1.</td> <td data-bbox="766 560 989 772">Assessment of Director</td> <td data-bbox="989 560 1423 772"> <ul style="list-style-type: none"> <li>• The NC would assess the performance of the Director in accordance with the performance criteria set by the Board; and</li> <li>• The NC would also consider the current needs of the Board.</li> </ul> </td> </tr> <tr> <td data-bbox="710 772 766 981">2.</td> <td data-bbox="766 772 989 981">Re-appointment of Director</td> <td data-bbox="989 772 1423 981"> <ul style="list-style-type: none"> <li>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</li> </ul> </td> </tr> </table> <p data-bbox="710 1003 1423 1227">Rule 720(4) of the Catalist Rules and Article 109 of the Company's Constitution requires one-third of directors to retire from office and submit themselves for re-nomination and re-election at the Company's forthcoming AGM, at least once every three years. In addition, Article 119 of the Company's Constitution provides that a director newly appointed by the Board must submit himself for re-election at the AGM following his appointment.</p> <p data-bbox="710 1261 1423 1417">The NC is of the view that Mr Ch'ng and Mr Lau have contributed to the effectiveness of the Board as a whole and has recommended the re-elections of Mr Ch'ng and Mr Lau pursuant to Rule 720(4) of the Catalist Rules and Article 109 of the Company's Constitution as aforementioned.</p> <p data-bbox="710 1451 1423 1731">Mr Ch'ng does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 5% shareholders. Save for his non-controlling shareholding interest in the Company's substantial shareholder, Golden Wang Pte. Ltd., Mr Lau does not have any other relationships including immediate family relationships between himself and the Directors, the Company and its other 5% shareholders. The detailed information of these directors, including information as required under Appendix 7F of the Catalist Rules can be found on pages 36 to 42.</p> <p data-bbox="710 1765 1423 1989">Mr Ch'ng will, upon re-election as a Director of the Company, remain as the Chairman of the RC, and a member of the ARC, NC and IRC. Mr Ch'ng will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Lau will, upon re-election as a Director of the Company, remain as a Non-Executive Director. Mr Lau will be considered non-independent for the purposes of Rule 704(7) of the Catalist Rules.</p> <p data-bbox="710 2022 1423 2085">Mr Ch'ng and Mr Lau had abstained from participating in the discussion and recommendation on their respective nominations.</p>	1.	Assessment of Director	<ul style="list-style-type: none"> <li>• The NC would assess the performance of the Director in accordance with the performance criteria set by the Board; and</li> <li>• The NC would also consider the current needs of the Board.</li> </ul>	2.	Re-appointment of Director	<ul style="list-style-type: none"> <li>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</li> </ul>
1.	Assessment of Director	<ul style="list-style-type: none"> <li>• The NC would assess the performance of the Director in accordance with the performance criteria set by the Board; and</li> <li>• The NC would also consider the current needs of the Board.</li> </ul>						
2.	Re-appointment of Director	<ul style="list-style-type: none"> <li>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</li> </ul>						

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
4.5	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.
	(b) If a maximum has not been determined, what are the reasons?	Although several directors hold directorships in other listed companies, the NC is of the view that such multiple board representations do not hinder them from carrying out their duties as directors of the Company. These directors, through their directorships in other listed companies would also widen the experience of the Board and give it a broader perspective. The NC does not think that it is necessary to set the maximum number of listed board representations that any Director may hold as all the Directors are able to devote sufficient time and attention to the Company's affairs in light of their commitments.
	(c) What are the specific considerations in deciding on the capacity of directors?	<p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> <li>• Expected and/or competing time commitments of Directors;</li> <li>• Geographical location of Directors;</li> <li>• Size and composition of the Board; and</li> <li>• Nature and scope of the Group's operations and size.</li> </ul> <p>The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:-</p> <ul style="list-style-type: none"> <li>• Declarations by individual Directors of their other listed company board directorships and principal commitments;</li> <li>• Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and</li> <li>• Assessment of the Directors' performance based on the criteria set out in Section 5 of this corporate governance report.</li> </ul>
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2021.
	(e) Please provide Directors' key information.	The key information of the Directors, including their appointment dates, principal commitments(s) and directorships both current those held in the past 3 years in other company(ies), are set out on pages 4 to 6 of this Annual Report.
PG 4	Are there alternate Directors?	The Company currently does not have any alternate directors.



# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation										
<b>Board Performance</b>												
5.1 5.2	What are the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution from each Director to the effectiveness of the Board. The evaluations are designed to assess the Board's effectiveness to enable the NC Chairman and Board to identify the areas of improvement or enhancement which can be made to the Board:</p> <table border="1"> <thead> <tr> <th colspan="2"><i>Table 5 – Performance Evaluation Criteria</i></th> </tr> <tr> <th>Board/Individual Directors</th> <th>Performance Criteria</th> </tr> </thead> <tbody> <tr> <td><b>Board</b></td> <td> <ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Board conduct of affairs</li> <li>3. Internal controls and risk management</li> <li>4. Board accountability</li> <li>5. Standards of conduct</li> </ol> </td> </tr> <tr> <td><b>Board Committees</b></td> <td> <ol style="list-style-type: none"> <li>1. Membership and appointments</li> <li>2. Quality of meetings</li> <li>3. Adequacy of skills and training</li> <li>4. Reporting to Board</li> <li>5. Standards of conduct</li> <li>6. Communications with shareholders</li> </ol> </td> </tr> <tr> <td><b>Individual Directors</b></td> <td> <ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Adequacy of preparation for meetings</li> <li>3. Initiatives</li> <li>4. Knowledge and abilities</li> <li>5. Level of participations</li> <li>6. Teamwork and effectiveness</li> <li>7. Independence (if applicable)</li> <li>8. Disclosure of interested person transactions</li> <li>9. Declaration of conflict of interest</li> <li>10. Attendance at Board and Board Committees meetings</li> </ol> </td> </tr> </tbody> </table>	<i>Table 5 – Performance Evaluation Criteria</i>		Board/Individual Directors	Performance Criteria	<b>Board</b>	<ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Board conduct of affairs</li> <li>3. Internal controls and risk management</li> <li>4. Board accountability</li> <li>5. Standards of conduct</li> </ol>	<b>Board Committees</b>	<ol style="list-style-type: none"> <li>1. Membership and appointments</li> <li>2. Quality of meetings</li> <li>3. Adequacy of skills and training</li> <li>4. Reporting to Board</li> <li>5. Standards of conduct</li> <li>6. Communications with shareholders</li> </ol>	<b>Individual Directors</b>	<ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Adequacy of preparation for meetings</li> <li>3. Initiatives</li> <li>4. Knowledge and abilities</li> <li>5. Level of participations</li> <li>6. Teamwork and effectiveness</li> <li>7. Independence (if applicable)</li> <li>8. Disclosure of interested person transactions</li> <li>9. Declaration of conflict of interest</li> <li>10. Attendance at Board and Board Committees meetings</li> </ol>
<i>Table 5 – Performance Evaluation Criteria</i>												
Board/Individual Directors	Performance Criteria											
<b>Board</b>	<ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Board conduct of affairs</li> <li>3. Internal controls and risk management</li> <li>4. Board accountability</li> <li>5. Standards of conduct</li> </ol>											
<b>Board Committees</b>	<ol style="list-style-type: none"> <li>1. Membership and appointments</li> <li>2. Quality of meetings</li> <li>3. Adequacy of skills and training</li> <li>4. Reporting to Board</li> <li>5. Standards of conduct</li> <li>6. Communications with shareholders</li> </ol>											
<b>Individual Directors</b>	<ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Adequacy of preparation for meetings</li> <li>3. Initiatives</li> <li>4. Knowledge and abilities</li> <li>5. Level of participations</li> <li>6. Teamwork and effectiveness</li> <li>7. Independence (if applicable)</li> <li>8. Disclosure of interested person transactions</li> <li>9. Declaration of conflict of interest</li> <li>10. Attendance at Board and Board Committees meetings</li> </ol>											

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The NC would review the criteria periodically to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, and thereafter propose amendments if any, to the Board for approval.</p> <p>The NC did not propose any changes to the performance criteria for FY2021 as compared to the previous financial year as the economic climate, Board composition and the Group's principal business activities remained the same.</p>
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>The review of the performance of the Board and the Board Committees is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.</p> <p>For FY2021, the review process was as follows:</p> <ol style="list-style-type: none"> <li>1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board, the Board Committees, and the individual Directors based on criteria disclosed in Table 5 above;</li> <li>2. The Company collated and submitted the questionnaire results to the NC Chairman in the form of a report; and</li> <li>3. The NC discussed the report and concluded the performance results during the NC meeting.</li> </ol> <p>All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.</p> <p>No external facilitator was used in the evaluation process.</p>
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives for FY2021.
<b>REMUNERATION MATTERS</b>		
<b>Procedures for Developing Remuneration Policies</b>		
6.1 6.3	What is the role of the RC?	<p>The RC is guided by key terms of reference as follows:</p> <ol style="list-style-type: none"> <li>1. to review and recommend to the Board, in consultation with the Chairman of the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the directors and key management personnel of the Group;</li> <li>2. to recommend to the Board, share-based incentives or awards or any long term incentive schemes which may be set up from time to time, reviewing whether directors and key management personnel should be eligible for such schemes, evaluating the cost and benefits of such schemes and to do all acts necessary in connection therewith;</li> </ol>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
		<p>3. to carry out its duties in the manner that it deemed expedient, subject to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time; and</p> <p>4. to ensure all aspects of remuneration, including termination terms, are covered and that the terms are fair.</p>
6.4	Were remuneration consultants engaged in the last financial year?	<p>No remuneration consultants were engaged by the Company in FY2021.</p> <p>The Company is of the view that the annual review by the RC, which includes the referencing of Directors and key management personnel's remuneration against comparable benchmarks and giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group, is currently sufficient to ensure the continued relevance of such remuneration packages to the Group's strategic business objectives and alignment with market practices. The RC will, if necessary, seek advice from external remuneration consultants on remuneration matters.</p>
<b>Level and Mix of Remuneration</b>		
7.1	What is the Company's remuneration policy?	The Company's remuneration policy which covers all aspects of remuneration, including but not limited to salaries, allowances, benefits-in-kind and bonuses, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.
7.1 7.3	Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Director(s) and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2021. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.



## CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation							
	<p>What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</p> <p>Were all of these performance conditions met? If not, what were the reasons?</p>	<p>The following performance conditions for short-term incentives such as performance bonus were chosen for the Group to remain competitive and to motivate the Executive Director(s) and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1"> <thead> <tr> <th><i>Table 7 – Performance Conditions for Short-term Incentives (such as performance bonus)</i></th> </tr> </thead> <tbody> <tr> <td>1. Leadership</td> </tr> <tr> <td>2. People development</td> </tr> <tr> <td>3. Commitment</td> </tr> <tr> <td>4. Teamwork</td> </tr> <tr> <td>5. Current market and industry practices</td> </tr> <tr> <td>6. Macro-economic factors</td> </tr> </tbody> </table> <p>Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2021.</p>	<i>Table 7 – Performance Conditions for Short-term Incentives (such as performance bonus)</i>	1. Leadership	2. People development	3. Commitment	4. Teamwork	5. Current market and industry practices	6. Macro-economic factors
<i>Table 7 – Performance Conditions for Short-term Incentives (such as performance bonus)</i>									
1. Leadership									
2. People development									
3. Commitment									
4. Teamwork									
5. Current market and industry practices									
6. Macro-economic factors									
7.2	Remuneration Structure of Non-Executive Directors	<p>The total remuneration of the Non-Executive Directors is reviewed annually, giving due regard to the financial and commercial health and business needs of the Group. Each of the Non-Executive Directors receives a base director's fee. Non-Executive Directors who serve on the various Committees also receive additional fees in respect of each Committee that they serve on, with the Chairmen of the Committees receiving a higher fee in respect of their service as Chairman of the respective Committees. The fees are subjected to shareholders' approval at a general meeting. The fees for the financial year in review are determined in the previous financial year, proposed by the Management, submitted to the RC for review and thereafter recommended to the Board for approval.</p> <p>The remuneration of Non-Executive Directors takes into consideration his effort made, time spent and responsibilities in the Board and Committees. The RC has reviewed and assessed that the remuneration of the Non-Executive Directors for FY2021 is appropriate, considering the effort, time spent and responsibilities.</p>							

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation																																													
<b>Disclosure of Remuneration</b>																																															
8.1 (a) 8.3	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Directors for FY2021 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="5"><b>Table 8.1(a) – Directors' Remuneration</b></th> </tr> <tr> <th>Name</th> <th>Directors Fees (%)</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>S\$750,000 – S\$1,000,000</b></td> </tr> <tr> <td>Mr Lee</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td colspan="5"><b>Below S\$250,000</b></td> </tr> <tr> <td>Dr Tan</td> <td>100</td> <td>–</td> <td>–</td> <td>100</td> </tr> <tr> <td>Mr Ch'ng</td> <td>100</td> <td>–</td> <td>–</td> <td>100</td> </tr> <tr> <td>Mr Chee</td> <td>100</td> <td>–</td> <td>–</td> <td>100</td> </tr> <tr> <td>Mr Lau</td> <td>100</td> <td>–</td> <td>–</td> <td>100</td> </tr> </tbody> </table> <p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.</p> <p>There is no termination, retirement or post-employment benefits granted to the Directors and the Managing Director.</p> <p>The Company does not have any employee share option or other long-term employee incentive scheme.</p>	<b>Table 8.1(a) – Directors' Remuneration</b>					Name	Directors Fees (%)	Salary (%)	Bonus (%)	Total (%)	<b>S\$750,000 – S\$1,000,000</b>					Mr Lee	–	100	–	100	<b>Below S\$250,000</b>					Dr Tan	100	–	–	100	Mr Ch'ng	100	–	–	100	Mr Chee	100	–	–	100	Mr Lau	100	–	–	100
<b>Table 8.1(a) – Directors' Remuneration</b>																																															
Name	Directors Fees (%)	Salary (%)	Bonus (%)	Total (%)																																											
<b>S\$750,000 – S\$1,000,000</b>																																															
Mr Lee	–	100	–	100																																											
<b>Below S\$250,000</b>																																															
Dr Tan	100	–	–	100																																											
Mr Ch'ng	100	–	–	100																																											
Mr Chee	100	–	–	100																																											
Mr Lau	100	–	–	100																																											
8.1(b)	(i) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Company's top 5 key management personnel (who are not Directors or the Managing Director) for FY2021 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="1"><b>Table 8.1(b) – Remuneration of Key Management Personnel</b></th> </tr> </thead> <tbody> <tr> <td><b>Below \$250,000</b></td> </tr> <tr> <td>Han Jing</td> </tr> <tr> <td>Dong Fagen</td> </tr> <tr> <td>Cindy Lee</td> </tr> <tr> <td>Andy Lee</td> </tr> <tr> <td>Desmond Ling</td> </tr> </tbody> </table>	<b>Table 8.1(b) – Remuneration of Key Management Personnel</b>	<b>Below \$250,000</b>	Han Jing	Dong Fagen	Cindy Lee	Andy Lee	Desmond Ling																																						
<b>Table 8.1(b) – Remuneration of Key Management Personnel</b>																																															
<b>Below \$250,000</b>																																															
Han Jing																																															
Dong Fagen																																															
Cindy Lee																																															
Andy Lee																																															
Desmond Ling																																															

## CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The Company has not disclosed the breakdown of the remuneration paid to its top 5 key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information.</p> <p>There is no termination, retirement or post-employment benefits granted to the top 5 key management personnel.</p> <p>The Company does not have any employee share option or other long-term employee incentive scheme.</p>
	(ii) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The total remuneration paid to the top 5 key management personnel for FY2021 was S\$556,000.
8.2	Is there any employee who is a substantial shareholder of the Company, or an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	<p>Save for Cindy Lee ("<b>Ms Lee</b>") and Andy Lee who are the daughter and son of the Company's Managing Director, Mr Lee, respectively, there is no other employee of the Group who is a substantial shareholder of the Company, or an immediate family member of a Director, Managing Director, or a substantial shareholder of the Company whose remuneration exceeds S\$100,000 in FY2021.</p> <p>The remunerations of Ms Lee and Andy Lee for FY2021 were within the bands of S\$100,000 to S\$150,000.</p>
8.3	(a) Please provide details of the employee share scheme(s).	The Company does not have an employee share scheme in FY2021 as the Company is of the view that performance bonuses are sufficient to reward high-performing employees for the time being given the current nature and scope of the Group's operations and size. The RC will periodically review the Company's remuneration tools and assess if share-based incentive schemes should be adopted going forward, giving due consideration to factors such as the prevailing market practice, size and scope of the Group's operations and relevant tax implications.
	(b) Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel?	The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Director and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Director and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b><u>Risk Management and Internal Controls</u></b>		
9.1	Risk governance by the Board, identification of the Group's risks and management of risks.	<p>The Board, with the assistance of the ARC, is responsible for the overall risk governance, risk management and internal control systems and framework of the Group. The Board determines the nature and extent of significant risks which the Company is willing to take in achieving its strategic objectives.</p> <p>The Managing Director meets with key management personnel on a weekly basis to discuss operational, business and strategic matters. During these meetings, key projects and operational risks are identified and discussed, along with proposed mitigating measures to address these risks to ensure residual risks are mitigated to an acceptable level. Follow-ups are then performed in subsequent meetings to ensure mitigating actions are executed. Any significant issues identified from these meetings are brought to the attention of the Board and ARC.</p> <p>For FY2021, the Board and ARC has reviewed that the Group's key risks largely lies in the area of operational, information technology and data security, compliance and financial. They have been mitigated by way of enhancing and improving the Group's existing risk management and internal controls framework.</p>
9.2	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board and the ARC are of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2021.</p> <p>The bases for the Board and ARC's views are as follows:</p> <ol style="list-style-type: none"> <li>1. Assurance has been received from the Managing Director and Assistant Finance Manager (refer to Section 11.3(b) below);</li> <li>2. Internal audits have been performed by the internal auditors ("IA") and significant matters highlighted to the ARC and key management personnel were appropriately addressed;</li> <li>3. Key management personnel regularly evaluates, monitors and reports to the ARC on material risks;</li> <li>4. Discussions were held between the ARC and the EA in the absence of the key management personnel to review and address any potential concerns;</li> <li>5. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels; and</li> <li>6. ARC has spoken with the IA and EA and noted that there were no exceptional matters to be reported.</li> </ol> <p>The Company is gradually placing emphasis on sustainability and have started implementing appropriate policies and programmes.</p>



## CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the Chief Financial Officer ("CFO") as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>Yes, the Board has obtained such assurance from the Managing Director and Assistant Finance Manager in respect of FY2021.</p> <p>The Board has relied on the EA's report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.</p> <p>The Board has additionally relied on IA's reports issued to the Company for FY2021 as assurances that the Company's risk management and internal control systems are effective.</p>
<b>Audit Committee</b>		
10.1 10.2 10.3	What is the composition and the role of the ARC?	<p>All members of the ARC are independent and non-executive directors who do not have relationships with any substantial shareholder of the Company; and do not have any management and business relationships with the Company. None of the ARC members were previous partners or directors of the Company's external audit firm within the last two years and none of the ARC members hold any financial interest in the external audit firm.</p> <p>The ARC is guided by the following key terms of reference:</p> <ol style="list-style-type: none"> <li>1. to review with the EA their audit plan, their evaluation of the system of internal accounting controls, their audit report and their management letter and the Management's response;</li> <li>2. to ensure co-ordination where more than one audit firm is involved;</li> <li>3. to review the half-yearly and annual financial statements before submission to the Board for approval;</li> <li>4. to review any formal announcement relating to the Company's financial performance;</li> <li>5. to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the EA and IA where necessary;</li> <li>6. to meet with the EA and with the IA without the presence of Management, at least annually, to discuss any problems and concerns they may have;</li> <li>7. to review the assistance given by Management to the EA;</li> </ol>

## CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
		<p>8. to review annually the scope and results of the external audit and its cost effectiveness as well as the independence and objectivity of the EA. Where the EA also provides non-audit services to the Company, to review the nature and extent of such services, in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the EA would not be affected;</p> <p>9. to review the internal audit programme and the adequacy and effectiveness of the Company's internal audit function, as well as to ensure coordination between the IA and EA and the Management;</p> <p>10. to review the adequacy and effectiveness of the Company's internal control system, including financial, operational, compliance and information technology controls and to report to the Board annually;</p> <p>11. to review the scope and results of the internal audit procedures including the effectiveness of the internal audit function and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;</p> <p>12. to review and discuss with the EA, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;</p> <p>13. to investigate any matter within its Terms of Reference, with full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;</p> <p>14. to review arrangements by which staff of the Company, may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken;</p> <p>15. to report to the Board its findings from time to time on matters arising and requiring the attention of the Board;</p> <p>16. to review interested person transactions falling within the scope of the Catalist Rules;</p> <p>17. to recommend to the Board the appointment, re-appointment and removal of the EA and approve the remuneration and terms of engagement of the EA;</p> <p>18. to review the audit representation letters before consideration by the Board;</p>

## CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
		<p>19. to review and advise the Board in formulating its risk policies including the parameters for risk assessments and methodology to be adopted;</p> <p>20. to oversee the Management in the design and implementation and monitoring of the risk management system;</p> <p>21. to determine the Company's level of risk tolerance;</p> <p>22. to develop and guide the Board in establishing a process of effectively identifying and managing the implications of risks tolerance in internal controls and strategic transactions to be undertaken by the Company;</p> <p>23. to oversee and advise the Board on the current risk exposures, overall risk tolerance, and overall risk strategy of the Company;</p> <p>24. to annually review the adequacy and effectiveness of the Company's risk management system, including the overall risk assessment processes;</p> <p>25. to review periodically the risk limits established by the Company and where applicable, report on any material breach of such limits and the adequacy of proposed action(s) to be taken, and if necessary, make recommendations on further action to be taken;</p> <p>26. to recommend to the Board the statements to be included in the Company's annual report concerning the adequacy and effectiveness of the Company's internal control and risk management systems;</p> <p>27. to monitor the independence of the risk management function throughout the organisation;</p> <p>28. to review and monitor Management's responsiveness to EA's and IA's findings and proposed mitigating efforts undertaken by Management;</p> <p>29. to undertake such other reviews and projects as may be requested by the Board;</p> <p>30. to review assurance from the Managing Director and the Assistant Finance Manager on the financial records and financial statements;</p> <p>31. to undertake such other functions and duties as may be required by statute, the Code or the Catalist Rules; and</p> <p>32. to oversee and monitor whistle-blowing reports.</p> <p>In the review of the financial statements for FY2021, the ARC has discussed with the Management and the EA on the following key audit matters that have been identified for FY2021;</p> <ol style="list-style-type: none"> <li>1. Revenue recognition on construction contracts;</li> <li>2. Fair valuation of investment property; and</li> <li>3. Recoverability of shareholders' loan to an associated company.</li> </ol> <p>The ARC has considered the approach and the procedure carried out by the EA during their audit. Following the discussions, the ARC is satisfied that those matters have been properly dealt with and properly supported by audit evidence.</p>

## CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
10.2	Are the members of the ARC appropriately qualified to discharge their responsibilities?	Yes. The Board considers Dr Tan, who has extensive experience in many other listed companies as audit committee ("AC") chairman and/or AC member, well qualified to chair the ARC. Mr Ch'ng is well qualified as an ARC member, considering his extensive experience in many listed companies, statutory boards and community entities as member of the AC, member of Board of Trustees and/or member of Board of Governors. Mr Chee has years of experience running his own companies, is also appropriately qualified as an ARC member.
10.5	Has the ARC met with the auditors in the absence of key management personnel?	Yes, the ARC has met with the IA and the EA at least once in the absence of key management personnel in FY2021.
10.1	Does the Company have a whistle-blowing policy?	<p>Yes. The Company has put in place a whistle-blowing framework, endorsed by the ARC. The whistle-blowing framework provides the avenue where employees of the Company may, in good faith and in confidence, raise concerns or observations about possible improprieties in financial reporting or other matters directly to members of the ARC. Copies of the whistle-blowing policy and procedures, including the contact details of the members of the ARC, have been made available to all employees. In the event that the report is about a Director, that Director will not be involved in the review and any decision making respect to that report. The policy has a well-defined process which ensures independent investigation of possible improprieties with appropriate follow up action and provides assurance that complainants will be protected from retaliatory action within the limit of laws. The Company is committed in ensuring that no person should suffer reprisal or unfair treatment as a result of reporting a genuine concern made in good faith, even if they turn out to be mistaken and ensure that the identity of the whistle-blower will not be disclosed without prior consent (except where disclosure obligations are required under law and regulations). Where concerns are unable to be resolved without revealing the identity of the whistle-blower (e.g., if their evidence is required in court), a dialogue will be entered into with the whistle-blower as to whether and how to proceed.</p> <p>The ARC is responsible for oversight and monitoring of whistle-blowing and the ARC reviews all whistle-blowing complaints, if any, at its quarterly meetings to ensure independence through investigation and appropriate follow-up actions are taken.</p> <p>The ARC has the power to conduct or authorise investigations into any matter within the ARC's scope of responsibility. If it deems appropriate, independent advisors will be engaged at the Group's expense. No whistle-blowing reports were received for FY2021. Should there be any whistle-blowing cases reported, such cases would be handled in accordance with the Company's whistle-blowing policy. All complaints will be treated as confidential and will be brought to the attention of the ARC.</p> <p>The Board will review the whistle-blowing policy and determine if it should be extended to external parties in due course.</p>



# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
<b>Internal Audit</b>		
10.4	Please provide details of the Company's internal audit function, if any.	<p>The Company's internal audit function is outsourced to Wensen Consulting Asia (S) Pte. Ltd. ("<b>Wensen</b>") that reports directly to the ARC Chairman on audit matters and to the Managing Director on administrative matters. The ARC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.</p> <p>The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The ARC is satisfied that Wensen is independent, effective and adequately qualified (given, <i>inter alia</i>, its adherence to standards set by nationally/internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.</p>
<b>SHAREHOLDER RIGHTS AND ENGAGEMENT</b>		
<b>Shareholder Rights and Conduct of General Meeting</b>		
11.1 11.2	(a) Are shareholders informed of the rules, including voting procedures, that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders. All resolutions are tabled separately unless they are interdependent and linked, and the reasons and material implications are explained.
11.1 11.4	(b) Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	<p>The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies Act 1967 of Singapore, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings.</p> <p>Provision 11.4 of the Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders (such as via mail, email or fax). As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia.</p>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
11.3 11.5 13.3	How are the general meetings of shareholders conducted?	<p>The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p> <p>The directors present at the AGM held on 29 April 2021 were Dr Tan, Mr Lee, Mr Ch'ng, Mr Chee and Mr Lau.</p> <p>All resolutions will be put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.</p> <p>All minutes of general meetings will be made available to shareholders upon their request within 30 days after the general meetings.</p> <p>In complying with the requirements stipulated in the First Schedule of the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("<b>Order</b>"), the Company will publish the minutes of the AGM to be held on 28 April 2022 on SGXNET within one (1) month after the AGM. For FY2021, in accordance with the COVID-19 (Temporary Measures) Act 2020 and the Order, the Company will apply and adopt the alternative arrangements for the convening, holding and conducting of the AGM, as set out in the second column of the First Schedule of the Order.</p> <p>Currently, the Company does not have any corporate website. The Company will consider publishing the minutes on the corporate website when available.</p>
11.6	Does the Company have a dividend policy?	<p>The Company does not have a fixed dividend policy. In considering the declaration of dividends, the Company will have to take into consideration the Group's profit growth, cash position, cash flows, projected capital requirements for business growth and other factors as the Board may deem relevant.</p> <p>The Board has not declared or recommended dividends for FY2021, as the Company and the Group were in a loss-making position.</p>
<b>Engagement with Shareholders</b>		
12.2 12.3	Does the Company have an investor relations policy?	<p>The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises. Shareholders with questions may contact Ms Lee, the Company's Admin and Corporate Affairs Director, by telephone call or email as stated in the Corporate Information section of the Annual Report.</p>

## CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
12.1	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	In line with the continuous disclosure obligations under the relevant rules, the Board informs shareholders promptly of all major developments that may have a material impact on the Group in a timely manner. Half-year and full year results and other major developments of the Company are published through the SGXNet and/or press releases, as required by the Catalist Rules. The Company ensures that price-sensitive information is publicly released, and is announced within the mandatory period.  In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company does not have a dedicated investor relations team. Ms Lee, the Company's Admin and Corporate Affairs Director, is responsible for the Company's communication with shareholders.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNet announcements and its annual report, the Company may release press releases or organise media/analyst briefings to keep shareholders informed of corporate developments.

### MANAGING STAKEHOLDERS RELATIONSHIPS

#### Engagement with Stakeholders

13.1 13.2	Does the company have arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups?	<p>The Company has identified its material stakeholder groups and has disclosed its engagement methods with these stakeholders in the sustainability report, as set out on pages 43 to 46 of this Annual Report.</p> <p>In view of the current COVID-19 situation, the forthcoming AGM to be held on 28 April 2022 in respect of FY2021 will be convened and held by electronic means, similar to the AGMs held in 2020 and 2021 and therefore, alternative arrangements will be made to take into account the online nature of the AGM, further information of which will be set out in the Notice of AGM dated 13 April 2022.</p> <p>As shareholders are unable to attend the AGM in person, shareholders will appoint the Chairman of the meeting as proxy to vote on their behalf at the AGM and submit questions relating to the business of the meeting in advance. Please refer to the Notice of AGM dated 13 April 2022 for further information.</p> <p>Substantial and relevant comments or questions from shareholders relating to the agenda of the AGM together with responses from the Board and the Management will be prepared by the Company and announced via SGXNet accordingly.</p> <p>The minutes of the AGM which capture the attendance of the Board members at the meeting, matters approved by shareholders and voting results will be prepared by the Company. The minutes of the AGM for FY2021 will be released on the SGXNet within one month after the AGM.</p>
--------------	---	--

# CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
720(5)	Information relating to Directors seeking re-election	The information relating to the Directors seeking re-election as per Appendix 7F of the Catalist Rules are set out in the Appendix 7F Requirements table on pages 36 to 42.
1204(6)(A)	Non-audit fees	Please refer to Note 26 of the Notes to the Financial Statements on page 89 of this Annual Report for the breakdown of the fees paid to the EA for audit and non-audit services for the financial year.
1204(6)(B)	Independence of the External Auditors ("EA")	The ARC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM. The non-audit services rendered during FY2021 were not substantial.
1204(6)(C)	Appointment of Auditors	The Company confirms its compliance with the Catalist Rules 712 and 715 in relation to the appointment of its EA.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the Managing Director, any Director, or controlling shareholder, which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	<p>The Board and the ARC are of the opinion that the internal controls are adequate to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment based on the following:</p> <ul style="list-style-type: none"> <li>• internal controls and the risk management system established by the Company;</li> <li>• work performed by the IA and EA;</li> <li>• assurance from the Managing Director and Assistant Finance Manager; and</li> <li>• reviews done by the various Board Committees and key management personnel.</li> </ul>
1204(10)(B)	Adequacy of internal audit function	The ARC is of the opinion that the internal audit function is independent, effective and adequately resourced.
1204(17)	Interested Persons Transaction ("IPT")	<p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the ARC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>There were no IPTs transacted during FY2021.</p>



# CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
1204(19)	Dealing in Securities	The Company has adopted a code of conduct to provide guidance to its officers in relation to dealings in the Company's securities. The Company, directors, officers and staff of the Group are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's full year or half-year results and ending on the date of the announcement of such results and at any time they are in possession of unpublished material price sensitive information in relation to these securities. Officers are also advised not to deal in the Company's securities on short-term considerations.
1204(21)	Non-sponsor fees	No non-sponsor fees were paid/payable to the Company's continuing sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2021.

## Information required under Appendix 7F of the Catalist Rules for Re-election of Directors under Rule 720(5) of the Catalist Rules

Appendix 7F Requirements		
Name of Director	Mr. Ch'ng Jit Koon	Mr. Francis Lau Choo Yew
Date of Initial Appointment	24 October 1997	9 February 2015
Date of last re-appointment	25 April 2019	25 June 2020
Age	88	61
Country of principal residence	Singapore	Brunei
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The NC has recommended and the Board has approved the re-election of Mr. Ch'ng as an Independent Non-Executive Director after evaluating his qualification, expertise, past experiences and overall contribution to the effectiveness of the Board as a whole.	The NC has recommended and the Board has approved the re-election of Mr. Lau as Non-Independent Non-Executive Director after evaluating his qualification, expertise, past experiences and overall contribution to the effectiveness of the Board as a whole.
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> <li>Independent Non-Executive Director</li> <li>RC Chairman</li> <li>NC, IRC and ARC member</li> </ul>	<ul style="list-style-type: none"> <li>Non-Independent Non-Executive Director</li> </ul>

# CORPORATE GOVERNANCE

Appendix 7F Requirements		
Name of Director	Mr. Ch'ng Jit Koon	Mr. Francis Lau Choo Yew
Professional qualifications	Bachelor of Arts (Economics and Political Science) Degree, Nanyang Technological University	<ul style="list-style-type: none"> <li>Honours Degree in Bachelor of Building, University of New South Wales, Australia</li> <li>Chartered Quantity Surveyor, Chartered Builder and Registered Quantity Surveyor with professional institutions of Australia, United Kingdom, Malaysia and Brunei Darussalam</li> </ul>
Working experience and occupation(s) during the past 10 years	Retired since 1997	<u>June 1998 to Present</u> Managing Director of LCY Developments Sdn. Bhd.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest – 200,000 ordinary shares	620,600 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	NIL	Save for his non-controlling shareholding interest in the Company's substantial shareholder, Golden Wang Pte. Ltd., Mr. Lau does not have any other relationships including immediate family relationships between himself and the Directors, the Company and other substantial shareholders.
Conflict of interest (including any competing business)	NIL	NIL
Undertaking (in the format set out in Appendix 7H) under Rules 720(1) has been submitted to the listed issuer	Yes	Yes

# CORPORATE GOVERNANCE

Appendix 7F Requirements		
Name of Director	Mr. Ch'ng Jit Koon	Mr. Francis Lau Choo Yew
Other Principal Commitments including Directorships	<p><b><u>Past (for the last 5 years)</u></b></p> <p><b><u>Directorships</u></b></p> <ul style="list-style-type: none"> <li>• Ho Bee Land Limited</li> <li>• Pan-United Corporation Ltd.</li> <li>• Ho Bee Foundation</li> </ul> <p><b><u>Present</u></b></p> <p><b><u>Directorships</u></b></p> <ul style="list-style-type: none"> <li>• Santak Holdings Limited</li> <li>• Mee Toh Foundation Limited</li> </ul>	<p><b><u>Past (for the last 5 years)</u></b></p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p><b><u>Present</u></b></p> <p><b><u>Directorships</u></b></p> <ul style="list-style-type: none"> <li>• LCY Development Sdn Bhd</li> <li>• LCY Development (M) Sdn Bhd</li> <li>• LCY Development Pty Ltd</li> <li>• L&amp;L Real Property Development Pty Ltd</li> <li>• L&amp;L One Holdings Pty Ltd</li> <li>• L&amp;L One Investment Pty Ltd</li> <li>• Imperco Sdn Bhd</li> <li>• Golden Dove Sdn Bhd</li> <li>• Gamawan Sdn Bhd</li> <li>• Golden Wang Holdings Pte Ltd</li> <li>• Mega Project Development Sdn Bhd</li> <li>• Binajuta Construction Sdn Bhd</li> <li>• Binajuta Supplies Sdn Bhd</li> <li>• Binajuta Logistics Sdn Bhd</li> <li>• LCY One Investments Pty Ltd</li> <li>• LCY Property Holding Pty Ltd</li> <li>• LCY Mega Development Pty Ltd</li> <li>• LCY Project Management Pty Ltd</li> <li>• LCY Plumpton Development Pty Ltd</li> <li>• LCY Hunter Investments Pty Ltd</li> </ul> <p><b><u>Other Principal Commitments</u></b></p> <ul style="list-style-type: none"> <li>• Sole proprietor, Golden Dove Enterprise</li> <li>• Sole proprietor, Golden Dove Contractor</li> <li>• Sole proprietor, City One Lodge</li> <li>• Partner, LCY Property Management</li> </ul>

# CORPORATE GOVERNANCE

Appendix 7F Requirements		
Name of Director	Mr. Ch'ng Jit Koon	Mr. Francis Lau Choo Yew
<p><b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b></p>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No



# CORPORATE GOVERNANCE

Appendix 7F Requirements		
Name of Director	Mr. Ch'ng Jit Koon	Mr. Francis Lau Choo Yew
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

# CORPORATE GOVERNANCE

Appendix 7F Requirements		
Name of Director	Mr. Ch'ng Jit Koon	Mr. Francis Lau Choo Yew
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: <ul style="list-style-type: none"> <li>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</li> <li>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</li> </ul>	No	No

# CORPORATE GOVERNANCE

Appendix 7F Requirements		
Name of Director	Mr. Ch'ng Jit Koon	Mr. Francis Lau Choo Yew
<p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>		
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No
Disclosure applicable to the appointment of Director only		
<p>Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	Not applicable, as this is a re-election of a director.	Not applicable as this is a re-election of a director.

# SUSTAINABILITY REPORT

This Sustainability Report is issued by Progen Holdings Ltd (the “Company” and together with its subsidiaries, the “Group”) and focuses on the environmental, social and governance (“ESG”) factors that are identified as material on the businesses of the Group. This Sustainability Report has been prepared in accordance with Rule 711B and Practice Note 7F: Sustainability Reporting Guide of the Listing Manual Section B: Rules of Catalist (the “Catalist Rules”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and is guided by the Global Reporting Initiatives (“GRI”) standards (2016) (“GRI Standards”). It has been prepared for the financial year ended 31 December 2021 (“FY2021”). The Company has chosen the GRI Standards as it represents the global best practices for reporting on economic, environmental and social topics.

Determination of the Sustainability Report content is based on the four GRI Standards principles, namely:

1. Stakeholder Engagement
2. Sustainability Context
3. Materiality
4. Completeness

Since the Company’s first issuance of its Sustainability Report from the financial year ended 31 December 2017 (“FY2017”), we have undertaken the phased approach set out in Practice Note 7F: Sustainability Report Guide as specified in the Catalist Rules of the SGX-ST. We endeavor to progressively improve our sustainability reporting in terms of both quality and depth in the years to come.

## STAKEHOLDER ENGAGEMENT

The Group recognizes the importance of our stakeholders’ interests and expectations for our long term success in our business. The key stakeholder groups that have the most significant impact are as follows:

Stakeholder Group	Key Topic of Concern	Engagement Methods	Frequency
Customers	<ul style="list-style-type: none"> <li>– Availability and delivery of products and services</li> <li>– Pricing and quality of products and services</li> </ul>	<ul style="list-style-type: none"> <li>– Emails</li> <li>– Phone calls</li> <li>– Customer visits</li> </ul>	Throughout the year
Suppliers	<ul style="list-style-type: none"> <li>– Timeliness of delivery of products and services</li> <li>– Compliance with specifications of requirements</li> </ul>	<ul style="list-style-type: none"> <li>– Emails</li> <li>– Phone calls</li> <li>– Meetings with suppliers</li> </ul>	Throughout the year
Employees	<ul style="list-style-type: none"> <li>– Work environment</li> <li>– Fair compensation and benefits</li> </ul>	<ul style="list-style-type: none"> <li>– Internal circular</li> <li>– Discussion sessions with employees</li> </ul>	Throughout the year
Investors	<ul style="list-style-type: none"> <li>– Economic performance</li> <li>– Corporate governance</li> <li>– Shareholders’ returns</li> </ul>	<ul style="list-style-type: none"> <li>– Annual general meeting</li> <li>– Announcements via SGXNET</li> <li>– Annual reports</li> </ul>	Periodically

# SUSTAINABILITY REPORT

## MANAGEMENT APPROACH

Our sustainability strategy is developed and directed by the senior management of the Company in consultation with the Board of Directors. The management had listed various ESG factors before choosing, with the concurrence of the Board, those that materially impact our business, strategy, business model and key stakeholders to be monitored for FY2017. For FY2021, the Company reviewed the material ESG factors identified for FY2017 and confirmed that there are no changes to the material ESG factors identified for reporting. We will continue to evaluate our material ESG factors on an annual basis to ensure that the reported topics remain relevant and material.

The following sections discuss the material ESG factors identified.

## ENVIRONMENTAL

### Energy Conservation

The Group recognises that its business operations may directly or indirectly contribute to climate change and global warming and is committed to take measures in conserving energy and resources to ensure that its operations have minimal negative environmental impact.

### Indirect Impact

After the Air-Conditioning and Mechanical Ventilation Systems are handed over to our customers, we expect the systems to operate for at least seven years or more. Thus, the systems' environmental impact stretches over a long period after the sale is made. Other than complying with environmental laws and regulations, we also strive to introduce and promote environmental-friendly solutions to our customers. We assist customers in designing, installing and implementing systems that qualify for certification under the Building and Construction Authority ("BCA") Green Mark Scheme.

### Direct Impact

The Group's headquarter building is designed with green features including energy efficient air-conditioning system, energy saving lighting system and water efficient fittings. Office air conditioners are set permanently at energy saving temperature of 24 to 26 degree Celsius and lights are switched off at sectors/rooms that are not in use. We are also working with one of the largest clean energy providers in Singapore for the supply of electricity for the building.

Within the office, we have implemented two-sided printing and the use of recycled paper whenever possible.

For FY2021, we have met the target set in FY2020 as there were no violation of laws and regulations in the environmental aspect resulting in fines or sanction. For FY2022, we target to maintain this track record.

## SOCIAL

### Talent Retention

Employees are an important asset in our business. Remuneration packages are reviewed annually to ensure that compensation and benefits are in line with the market to facilitate recruitment and retention of talents. In line with our commitment towards creating a positive work environment, we reward our employees based on their capabilities and performance.

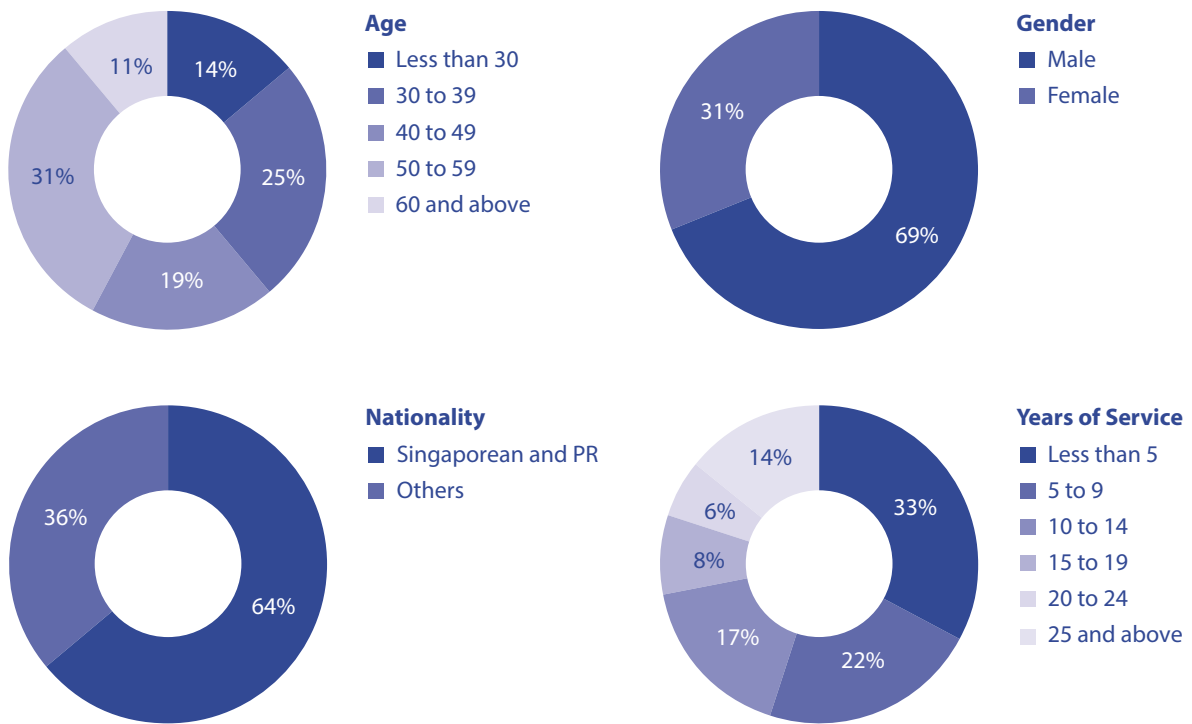
For FY2021, we have met the target set in FY2020 as the turnover rate for permanent staff was 8%. For FY2022, the Group targets to maintain turnover rate of below 10% for permanent staff.



# SUSTAINABILITY REPORT

## Employment Diversity and Equality

The Group does not discriminate employees based on their race, age, gender, religion, ethnicity or nationality. The demographics of employees as at 31 December 2021 are as follows:



The Group targets to maintain its current employment diversity and equality.

## Occupational Health and Safety

The Group is committed to providing a healthy and safe working environment by managing our health and safety risks through various Occupational Health and Safety (“OHS”) Management programs. The objectives and targets of these programs are to minimise accidents at workplace, create safety awareness to all employees to minimise hazardous working environment and ensure conformance to regulatory requirements. The Group is currently certified under bizSAFE Star, the highest rating that is part of the bizSAFE programme under the Workplace Safety and Health (“WSH”) Council.

During FY2020, the Group has successfully set up a Company Emergency Response Team (“CERT”) and put in place an Emergency Response Plan (“ERP”) to better respond to the safety of employees and other building occupants in times of emergency.

Regular reviews are carried out to evaluate the adequacy of existing safety standards and practices. All employees are periodically briefed on the relevant health and safety measures and the practical precautions to be taken. All work-related injury, regardless of its severity, are to be recorded and corrective action plans are to be implemented to prevent recurrence.

For FY2021, we have met the target set in FY2020 as there were no incident of reportable accident and no penalty or fine imposed by the relevant authorities for non-conformance to regulatory requirements. For FY2022, we target to maintain this track record.

# SUSTAINABILITY REPORT

## GOVERNANCE

### Corporate Governance

The Group is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

Please refer to our Corporate Governance Report on pages 9 to 42 of this annual report for details of our corporate governance practices.

### Business Ethics

The Group does not engage in bribery or any form of financial crime. Employees are reminded never to offer, promise or give bribes in connection with our business and must never ask for or accept bribes. There have been no reported incidents of bribery nor any form of financial crime. We strive to continuously uphold all laws aimed at countering corruption and we target to maintain this track record.

### Whistle-Blowing Framework

To reinforce a culture of good business ethics and governance, the Group has put in place a whistle-blowing framework, endorsed by the Audit & Risk Committee, which provides the avenue where employees of the Group may, in good faith and in confidence, raise concerns or observations about possible improprieties in financial reporting or other matters directly to members of the Audit & Risk Committee.

For FY2021, we have met the target set in FY2020 as there were no incidences of non-compliance with laws and/or regulations resulting in penalty or fines imposed by the relevant authorities. The Audit & Risk Committee has also confirmed that no whistle-blowing notifications were received during FY2021. For FY2022, we target to maintain this track record.

## BOARD STATEMENT

Our Board considers sustainability issues to be an important part of strategic planning. In the preparation of this Sustainability Report, the Board of Directors has reviewed and considered the material ESG factors and has overseen the management and monitoring of these material ESG factors. We will continue to monitor, review and upgrade our material ESG factors from time to time and improve our Sustainability Report whenever practicable in the future in order to create long-term value for our stakeholders.

# DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Progen Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

## Opinion of the directors

In the opinion of the directors,

- (a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are:

Tan Eng Liang  
 Lee Ee @ Lee Eng  
 Ch'ng Jit Koon  
 Chee Wai Pong  
 Francis Lau Choo Yew

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly owned subsidiaries) as stated below:

Name of director	Direct interest			Deemed interest		
	1.1.2021	31.12.2021	21.1.2022	1.1.2021	31.12.2021	21.1.2022
<b>The Company</b>						
<i>Ordinary shares</i>						
Lee Ee @ Lee Eng	167,277,440	167,277,440	167,277,440	28,113,041	28,113,041	28,113,041
Ch'ng Jit Koon	–	–	–	200,000	200,000	200,000
Francis Lau Choo Yew	620,600	620,600	620,600	–	–	–

# DIRECTORS' STATEMENT

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later or at the end of the financial year and at 21 January 2022.

## Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or has become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## Options

The Company does not currently have an Employees' Share Option Scheme. The previous scheme had lapsed on 31 July 2010 and has since been discontinued.

## Audit & Risk Committee

The audit & risk committee ("ARC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report on Corporate Governance.

The ARC recommends to the Board of Directors the nomination of Ernst & Young LLP as external auditor at the forthcoming annual general meeting of the Company.

## Board's Opinion on Internal Controls

Based on the reports submitted by the internal auditor and the various management controls put in place, the Board with the concurrence of the ARC is of opinion that the internal controls and risk management systems of the Company are adequate in addressing its financial, operational, compliance and information technology risks.

## Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Lee Ee @ Lee Eng  
Director

Tan Eng Liang  
Director

Singapore  
31 March 2022

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

## Independent auditor's report to the members of Progen Holdings Ltd

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Progen Holdings Ltd (the "Company") and its subsidiaries (collectively the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 opinion.

#### Key Audit Matters

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

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Revenue recognition on construction contracts

The Group is involved in construction projects and recognise the related contract revenue by reference to the stage of completion of the contract activity (i.e. performance obligation) at 31 December 2021. The stage of completion is measured by reference to the actual cost incurred to date relative to the total budgeted cost to the completion of the contract activity (i.e., input method). Significant management judgements are used in these assessments and they can significantly impact the results of the Group. For these reasons, we have determined this to be key audit matter.



# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

## Key Audit Matters (Continued)

### Revenue recognition on construction contracts (Continued)

As part of our audit, we obtained an understanding of the Group's processes and procedures for recognising revenue from construction contracts, evaluated the effectiveness of management's controls over the revenue recognition process and assessed management's basis of recognising revenue over time. We reviewed the contractual terms and conditions and management's budgeted time and costs of individually significant projects, including their considerations of any additional time and costs needed for on-going projects due to business disruptions and operational changes related to the COVID-19 pandemic.

We evaluated management's application of the input method in determining the stage of completion of the construction contracts by reviewing the latest costs budgets and actual costs incurred to the reporting date. We tested management's revenue calculations taking into consideration the estimated stage of completion and information on variation orders for the construction contracts. We assessed management's basis in determining whether there is a need to make provisions for onerous loss-making construction contracts. In connection with this, we discussed with management and the relevant project personnel to understand the progress of the projects and if there were any ongoing disputes with the Group's customers, and compared the contract revenue against the estimated total contract costs. We also evaluated the presentation and disclosures in relation to the significant accounting policies for revenue construction contracts, judgment and methods used in estimating revenue, contract assets and contract liabilities and transaction price allocated to remaining performance obligations in Notes 14 Other receivables and 24 Revenue.

### Fair value of investment property

The Group's investment property is carried at fair value of \$18.0 million, which represents 54% of the Group's total assets as at 31 December 2021. The management determined the investment property's fair value with the assistance of an independent real estate valuation expert ("external appraiser"). The valuation process involves significant judgement in the selection and application of the appropriate valuation techniques, key inputs and estimates. For these reasons, we have determined this to be a key audit matter.

As part of our audit, we considered the objectivity, independence and competency of the external appraiser, and discussed and obtained an understanding of the valuation techniques used by the external appraiser, which considered the nature and purpose of the property, its highest and best use, observable market price data and future income relevant to the investment property. We involved our internal specialist to assess the appropriateness of the valuation techniques used, and to evaluate the key inputs such as market price per square feet of the property by making comparison to observable transaction data involving properties with comparable characteristics such as nature, size, location and remaining lease terms. In respect to the future income of the investment property, we evaluated the reasonableness of key inputs such as rental income and property expenses by comparing them to supporting documents such as tenancy lease contracts, historical expenditures as well as available external data. Considerations were also made for applicable valuation adjustments in response to the changes in market and economic conditions brought on by the COVID-19 pandemic.

We also considered the adequacy of the related disclosure in Notes 5 *Investment Property* and 33(c) *Fair Value of Assets and Liabilities – Level 3 Fair Value Measurements*.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

## Key Audit Matters (Continued)

### Impairment assessment of loan to an associated company

As at 31 December 2021, the Group has extended an interest-bearing shareholder's loan of \$9.3 million to an associated company. Management has classified the loan as a financial asset carried at amortised cost and the loan is subject to risks of impairment depending on the future operating and financial performance of the associated company's property development activities. Management's assessment of the impairment of the loan requires judgement to be applied in identifying any significant increase in credit risk since initial recognition and requires the estimation of the expected cash flows from the associated company's residential property development project. Significant management judgement is required in these assessments and they are also affected by the heightened economic uncertainties arising from the COVID-19 pandemic. Accordingly, we have determined this to be a key audit matter.

As part of our audit, we reviewed management's determination of whether there has been significant increase in the loan's credit risk since initial recognition and whether the expected credit loss is material to the financial statements. In particular, we considered information on the progress of the associated company's property development and sales plans, outlook of the relevant property market prices, potential impact of the COVID-19 pandemic on expected sale prices and development completion date and costs, the credentials, track record and credit default information of the main developer and major shareholder of the associated company, management's forecast of the associated company's future cash flows, external information on the industry default rate and rate of return for similar investments. We evaluated management's forecast of the associated company's future cash flows by reviewing key assumption such as timing and quantum of anticipated sales collections and estimated expenditures such as development completion costs and selling expenses and comparing them against recent sales transactions and supporting information on the contracted development costs and key expenditures.

We have also considered the adequacy of the related disclosure in Notes 12 Related party balances and 32(a) Credit risk to the financial statements.

## Other Information

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

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

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

## Responsibilities of Management and Directors for the Financial Statements (Continued)

In preparing the 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.

The directors' responsibilities include overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 SSAs 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 financial statements.

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

- \* Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

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

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

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

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

## **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ang Chuen Beng.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
31 March 2022

# BALANCE SHEETS

As at 31 December 2021

	Notes	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	4	427	463	58	-
Investment property	5	18,000	20,000	-	-
Right-of-use asset	5	1,670	1,700	83	224
Intangible asset	6	29	73	-	-
Fixed deposits	7	2,000	2,000	-	-
Investment in subsidiaries	8	-	-	8,987	8,987
Investment in an associated company	9	-	-	-	-
Amount due from subsidiaries	12	-	-	24,822	23,744
Loan to an associated company	12	8,630	8,630	-	-
Other receivables	14	637	523	-	-
Deferred tax asset	21	54	54	-	-
		<b>31,447</b>	<b>33,443</b>	<b>33,950</b>	<b>32,955</b>
<b>Current assets</b>					
Cash and bank balances	7	583	494	65	11
Trade receivables	10	660	1,062	-	-
Contract assets	24(c)	43	155	-	-
Prepayments		52	85	6	14
Deposits		37	37	5	6
Other receivables	14	17	9	3	2
Investment securities	11	71	64	-	-
Grant receivable	15	-	115	-	8
Amounts due from subsidiaries	12	-	-	1,264	1,117
Inventories	13	143	331	-	-
		<b>1,606</b>	<b>2,352</b>	<b>1,343</b>	<b>1,158</b>
<b>Current liabilities</b>					
Trade payables	16	(581)	(1,092)	(38)	(34)
Deferred revenue		(89)	(75)	-	-
Other payables	17	(2,522)	(2,540)	(862)	(843)
Contract liabilities	24(c)	(910)	(348)	-	-
Income tax payable		(6)	(6)	(5)	(5)
Deferred grant income	18	-	(175)	-	(31)
Borrowings	19	(1,400)	(1,300)	-	-
Amounts due to subsidiaries	12	-	-	(2,023)	(671)
Lease liabilities	20	(32)	(31)	(87)	(145)
		<b>(5,540)</b>	<b>(5,567)</b>	<b>(3,015)</b>	<b>(1,729)</b>
		<b>(3,934)</b>	<b>(3,215)</b>	<b>(1,672)</b>	<b>(571)</b>
<b>Net current liabilities</b>					
<b>Non-current liabilities</b>					
Lease liabilities	20	(1,638)	(1,669)	-	(87)
		<b>25,875</b>	<b>28,559</b>	<b>32,278</b>	<b>32,297</b>
<b>Net assets</b>					
<b>Equity attributable to equity holders of the parent</b>					
Share capital	22	32,390	32,390	32,390	32,390
Foreign currency translation reserve	23	12	21	-	-
Accumulated losses		(6,527)	(3,852)	(112)	(93)
		<b>25,875</b>	<b>28,559</b>	<b>32,278</b>	<b>32,297</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Notes	Group	
		2021 \$'000	2020 \$'000
<b>Revenue</b>			
Products and installation		2,743	2,094
Servicing and maintenance		462	437
Rental income		741	483
Total revenue	24	3,946	3,014
<b>Other items of income</b>			
Dividend income	25	–	2
Other income	26	438	706
Total other items of income		438	708
<b>Cost and expenses</b>			
Cost of products and installation		(2,002)	(1,630)
Property operating expenses	26	(208)	(175)
Salaries and employee benefits	26	(1,975)	(2,041)
Depreciation and amortisation expense		(135)	(149)
Other expenses	26	(2,648)	(2,593)
Share of results of an associated company		–	–
Finance cost	27	(91)	(68)
Total cost and expenses		(7,059)	(6,656)
<b>Loss before income tax</b>		(2,675)	(2,934)
<b>Loss, net of tax, attributable to equity holders of the parent</b>		(2,675)	(2,934)
<b>Other comprehensive income</b>			
Foreign currency translation	23	(9)	–
Total comprehensive income attributable to equity holders of the parent		(2,684)	(2,934)
<b>Loss per share (cents per share)</b>			
Basic	29	(0.685)	(0.752)
Diluted	29	(0.685)	(0.752)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

	2021 \$'000	2020 \$'000
<b>Operating activities</b>		
Loss before income tax	(2,675)	(2,934)
<b>Adjustments for:</b>		
Interest income	(116)	(147)
Finance costs	91	68
Gain on disposal of property, plant and equipment	-	(2)
Dividend income from investment securities	-	(2)
Depreciation of property, plant and equipment	82	84
Amortisation of intangible asset	53	65
(Write-back)/allowance for expected credit loss	(65)	65
Allowance for stock obsolescence	34	-
Property, plant and equipment written off	40	-
Fair value loss on investment property	2,000	2,000
Fair value loss on right-of-use asset	30	30
Fair value gain on investment securities	(7)	(10)
Currency realignment	(9)	-
<b>Operating cash flows before changes in working capital</b>	(542)	(783)
Decrease in trade and other receivables	458	1,500
Decrease in contract assets	112	229
Decrease/(increase) in grant receivables	115	(115)
Decrease/(increase) in prepayments and deposits	33	(27)
Decrease/(increase) in inventories	154	(138)
Decrease in trade payables	(511)	(492)
Increase/(decrease) in deferred revenue	14	(16)
Decrease in other payables	(18)	(468)
Increase in contract liabilities	562	166
(Decrease)/increase in deferred income	(175)	175
<b>Cash flows generated from operations</b>	202	31
Interest paid	(31)	(7)
Interest received	3	20
<b>Net cash flows from operating activities</b>	174	44
<b>Investing activities</b>		
Purchase of property, plant and equipment	(86)	(36)
Proceeds from sale of property, plant and equipment	-	9
Additions to intangible asset	(9)	(4)
Dividends received from investment securities	-	2
Loan to an associated company	-	(900)
<b>Net cash flows used in investing activities</b>	(95)	(929)
<b>Financing activities</b>		
Payment of lease liabilities	(90)	(91)
Proceeds from loans and borrowings	100	1,300
<b>Net cash flows generated from financing activities</b>	10	1,209
Net increase in cash and cash equivalents	89	324
Cash and cash equivalents at 1 January	494	170
<b>Cash and cash equivalents at 31 December (Note 7)</b>	583	494

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 1. CORPORATE INFORMATION

Progen Holdings Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 28 Riverside Road #04-01 Progen Building, Singapore 739085.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries and the associated company are disclosed in Note 8 and Note 9 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

As at 31 December 2021, the Group's and the Company's current liabilities exceeded its current assets by \$3,934,000 (2020: \$3,215,000) and \$1,672,000 (2020: \$571,000) respectively. The financial statements have been prepared on a going concern basis as the management is reasonably confident that the Group will have sufficient resources including revenue from products and installation and unutilised committed banking facilities for it to pay its debts as and when they fall due.

### 2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

### 2.4 Basis of consolidation and business combination

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

#### (b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Basis of consolidation and business combination (Continued)

#### (b) *Business combinations* (Continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

### 2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Foreign currency (Continued)

#### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at average exchange rates for the year which approximate the exchange rates at the date of the transactions. The exchange differences arising on the translation are recognised initially in other comprehensive income and accumulated under currency translation reserve in equity. On disposal of a foreign operation, the cumulative amount recognised in currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

### 2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Plant and machinery	– 10 years
Furniture, fittings and equipment	– 4 to 10 years
Motor vehicles	– 5 years
Computers	– 3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### 2.7 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### Research and development costs

Research costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Upon completion of the development and when available for use, the development cost is reclassified to intangible asset and is carried at cost less accumulated amortisation and any accumulated impairment losses. The intangible asset have a finite useful life and is amortised over 6 years on a straight line basis.

### 2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Impairment of non-financial assets (Continued)

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit or loss is treated as a revaluation increase.

### 2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

### 2.11 Associated company

An associated company is an entity which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investment in the associated company using the equity method from the date on which it becomes an associated company.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's net identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investments. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associated company's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in an associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. The profit or loss reflects the share of results of the operations of the associated company. Distributions received from the associated company reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated company, the Group recognizes its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associated company are eliminated to the extent of the interest in the associated company.

When the Group's share losses in an associated company equal or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Financial instruments

#### (a) *Financial assets*

##### Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### Investments in debt instruments

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

#### (i) Amortised cost

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

##### Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

##### Derecognition

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Financial instruments (Continued)

#### (b) *Financial liabilities*

##### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

##### Current/Non-current classification of borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. 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 expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. 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 recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

(a) Simplified approach

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises 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 for forward-looking factors specific to the debtors and the economic environment.

(b) General approach

The Group applies the general approach to provide for ECLs on all other financial assets not held at fair value through profit or loss. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts, if any that form an integral part of the Group's cash management.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash and bank balances and unpledged fixed deposits, net of bank overdrafts, if any.

### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition, includes cost of finished goods and other direct attributable costs and is accounted for on a first-in-first-out basis. Cost of finished goods comprises direct materials, labour and an appropriate proportion of production overhead expenditure.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is based on estimated selling price in ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

### 2.17 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Employee benefits

#### (a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

### 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 for consideration.

#### (a) *As 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 lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

##### 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 cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Group has a land lease that meets the definition of investment property. The accounting policy for this right-of-use asset is as set out in Note 2.7.

##### 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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Leases (Continued)

#### (a) *As lessee* (Continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### (b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(c). Contingent rents are recognised as revenue in the period in which they are earned.

### 2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (a) *Products and installation*

Revenue from the sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from the contracting of installation is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is determined by reference to contract costs incurred to date as a percentage of total estimated costs.

#### (b) *Servicing and maintenance*

Revenue from the provision of services is recognised upon the performance of services to the customer. Revenue from such services which is billed or collected in advance of the services being rendered, is deferred and reflected as deferred revenue.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Revenue (Continued)

#### (c) *Rental income*

Rental income arising from operating leases on the investment property is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (d) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

#### (e) *Interest income*

Interest income is recognised using the effective interest method.

### 2.21 Income taxes

#### (a) *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the balance sheet date, in countries where the Group operates or generates taxable income.

Current taxes are recognised in the profit or loss except to the extent that tax relates to items recognised outside profit or loss, are recognised in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and recognises provisions where appropriate.

#### (b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associated company, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Income taxes (Continued)

#### (b) *Deferred tax* (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associated company, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### (c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

### 3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (a) *Revenue from construction contracts*

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and revenue recognised. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 24(c) to the financial statements. If the estimated total contract cost had been 5% lower/higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been \$311,000 (2020: \$321,000) higher/lower and \$1,578,000 (2020: \$1,459,000) lower/higher respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Key sources of estimation uncertainty (Continued)

#### (b) *Revaluation of investment property*

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The fair value of investment property is determined by independent real estate valuation expert using direct comparison approach. The determination of the fair value of the investment property requires the use of estimates such as price per square feet. These estimates are based on local market conditions existing at the end of each reporting date. In relying on the valuation report, management has exercised its judgement to ensure that the valuation method and estimates are reflective of current local market conditions existing at the end of each reporting date.

The determination of the fair value of the investment property involves the use of a range of estimates made by management and the External Appraiser. There continues to be a heightened level of estimation uncertainty in determining the valuation of the investment property as at 31 December 2021 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

The carrying amount of investment property and the key assumptions used to determine the fair value of the investment property are further disclosed in Note 5 and Note 33(c) to the financial statements.

#### (c) *Provision for expected credit losses of financial assets carried at amortised costs*

##### (i) Simplified approach

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of trade receivables and contract assets as at 31 December 2021 are disclosed in Note 10 and 24(c) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Key sources of estimation uncertainty (Continued)

#### (c) *Provision for expected credit losses of financial assets carried at amortised costs* (Continued)

##### (ii) General approach

The Group applies the general approach to provide for ECLs on all other financial assets carried at amortised cost. At each reporting date, the Group assesses whether the credit risk of a financial asset has increased significantly since initial recognition. When initial credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

The assessment of whether credit risk of a financial asset has increased significantly since initial recognition is a significant estimate. Credit risk assessment is based on both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The carrying amounts of these financial assets are disclosed in Note 12 to the financial statements.

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and machinery \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
<b>Cost</b>					
At 1 January 2020	73	653	470	227	1,423
Additions	6	–	24	6	36
Disposal	–	–	(42)	–	(42)
At 31 December 2020 and 1 January 2021	79	653	452	233	1,417
Additions	–	19	48	19	86
Written off	–	–	–	(40)	(40)
At 31 December 2021	<b>79</b>	<b>672</b>	<b>500</b>	<b>212</b>	<b>1,463</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	38	251	436	180	905
Charge for the year	7	59	13	5	84
Disposal	–	–	(35)	–	(35)
At 31 December 2020 and 1 January 2021	45	310	414	185	954
Charge for the year	8	57	11	6	82
At 31 December 2021	53	367	425	191	1,036
<b>Net carrying amount</b>					
At 31 December 2020	34	343	38	48	463
At 31 December 2021	<b>26</b>	<b>305</b>	<b>75</b>	<b>21</b>	<b>427</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
<b>Cost</b>				
At 1 January 2020, 31 December 2020 and 1 January 2021	11	180	110	301
Additions	–	48	11	59
At 31 December 2021	<b>11</b>	<b>228</b>	<b>121</b>	<b>360</b>
<b>Accumulated depreciation</b>				
At 1 January 2020, 31 December 2020 and 1 January 2021	11	180	110	301
Charge for the year	–	1	–	1
At 31 December 2021	<b>11</b>	<b>181</b>	<b>110</b>	<b>302</b>
<b>Net carrying amount</b>				
At 31 December 2020	–	–	–	–
At 31 December 2021	<b>–</b>	<b>47</b>	<b>11</b>	<b>58</b>

## 5. INVESTMENT PROPERTY AND RIGHT-OF-USE ASSET

Group	2021 \$'000	2020 \$'000
At 1 January	<b>20,000</b>	22,000
Net loss from fair value adjustment recognised in profit or loss	<b>(2,000)</b>	(2,000)
Fair value of investment property as at 31 December	<b>18,000</b>	20,000
Right-of-use asset	<b>1,700</b>	1,774
Change in fair value of right-of-use asset	<b>(30)</b>	(30)
Adjustment due to remeasurement of lease liabilities	–	(44)
Fair value of investment property and right-of-use asset as at 31 December	<b>19,670</b>	21,700
Direct operating expenses (including repairs and maintenance)	<b>208</b>	175

### Valuation of investment properties

Investment property is stated at fair value as at 31 December 2021 and 31 December 2020. This was determined based on valuation performed by Premas Valuers & Property Consultants Pte Ltd, an accredited independent valuer. The fair value loss recorded is \$2,000,000 for the year ended 31 December 2021 (2020: \$2,000,000). The fair value of the investment property is determined using the Direct Comparison Method (31 December 2020: Direct Comparison Method) which takes into account the price per square feet (31 December 2020: price per square feet) applicable to the property, and the assumption that the option to renew for another 30 years is exercised. In arriving at its estimate of market value, the valuer has used his market knowledge and professional judgement.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 5. INVESTMENT PROPERTY AND RIGHT-OF-USE ASSET (CONTINUED)

### *Valuation of investment properties* (Continued)

The investment property held by the Group as at 31 December 2021 is as follows:

<u>Description and Location</u>	<u>Existing Use</u>	<u>Tenure</u>	<u>Unexpired lease term</u>
8-storey factory building at 28 Riverside Road, Singapore 739085	Factory	Leasehold (Note 30)	30-year lease commencing from 1 February 1992. (Option to renew for another 30 years)

### Valuation policies and procedures

The fair value of investment property is determined by external independent professional valuer with a recognised and relevant professional qualification and with experience in the location and category of the property being valued. Management reviews the appropriateness of the valuation methodology and assumptions adopted, and the reliability of the inputs used in the valuation.

### Property pledged as security

As at 31 December 2021 and 2020, the investment property is pledged as security for the unutilised revolving credit facility of the Group.

### *Right-of-use asset*

The Group, through its wholly-owned subsidiary, has entered into a land lease with JTC Corporation. The subsidiary has the option to renew the lease of the leasehold land for another 30 years after the expiry of the current leasehold period of 30 years on 1 February 2022. Lease rental is subject to an annual revision as specified in the lease agreement. As of 31 December 2021, the Group is in the process of renewing the lease of the leasehold land. The Group had considered the renewal of the lease in the computation of right-of-use asset.

The Company has entered into a lease agreement with its wholly-owned subsidiary for the lease of office space. The company has the option to renew the lease of office space after the expiry of the current lease period of 3 years on 31 July 2022.

Set out below is the carrying amount of right-of-use asset recognised and the movements during the period:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
As at 1 January	1,700	1,774	508	508
Change in fair value of right-of-use asset	(30)	(30)	-	-
Accumulated depreciation	-	-	(425)	(284)
Adjustment due to remeasurement of lease liabilities	-	(44)	-	-
As at 31 December	<b>1,670</b>	1,700	<b>83</b>	224

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 6. INTANGIBLE ASSET

<b>Group</b>	<b>Intangible asset \$'000</b>
<b>Cost</b>	
At 1 January 2020	266
Additions	4
At 31 December 2020 and 1 January 2021	270
Additions	9
At 31 December 2021	<b>279</b>
<b>Accumulated amortisation</b>	
At 1 January 2020	132
Charge for the year	65
At 31 December 2020 and 1 January 2021	197
Charge for the year	53
At 31 December 2021	<b>250</b>
<b>Net carrying amount</b>	
At 31 December 2020	73
At 31 December 2021	<b>29</b>

Intangible asset relates to chilled ceiling panel for tropical climate. The remaining amortisation period as at 31 December 2021 is 1 year.

## 7. CASH AND CASH EQUIVALENTS

Cash balances at bank earn interest at floating rates based on daily bank deposit rates.

Included in cash and cash equivalents of the Group are \$13,000 (31 December 2020: \$14,000) denominated in US Dollars ("USD").

Not included in the Group's cash and cash equivalents are:

<b>Group</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Non-current</b>		
Fixed deposits	<b>2,000</b>	2,000

Non-current fixed deposits are pledged to banks for banking facilities for one of its subsidiaries. The fixed deposit will be rolled over upon maturity at the end of term and currently bears interest at 0.10% (31 December 2020: 0.20%) per annum.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 8. INVESTMENT IN SUBSIDIARIES

Company	2021 \$'000	2020 \$'000
Unquoted equity shares, at cost	9,123	9,123
Accumulated impairment in investment	(136)	(136)
	<b>8,987</b>	<b>8,987</b>

Assessment of impairment in investment in subsidiaries is carried out at the end of each reporting date if there are indicators of impairment and the necessary allowances are made accordingly. There is no impairment loss being recognised in the current and prior year.

### Composition of the Group

The Group has the following investment in subsidiaries.

Name of company (Country of incorporation)	Principal activities (Principal place of business)	Proportion (%) of ownership interest	
		2021	2020
<b><i>Held by the Company:</i></b>			
Progen Pte Ltd <sup>(1)</sup> (Singapore)	Trading and contracting of engineering works, cooling towers, air-conditioning and mechanical ventilation systems and rental of building space (Singapore)	100	100
D.B. Progen Servicing Pte Ltd <sup>(1)</sup> (Singapore)	Servicing and repairing of air-conditioners, cooling towers and other cooling equipment (Singapore)	100	100
Polacel Manufacturing (S.E. Asia) Pte Ltd <sup>(1)</sup> (Singapore)	Supply and installation of cooling fans, cooling towers and air-conditioners (Singapore)	100	100
Engpro Sdn Bhd <sup>(2)</sup> (Malaysia)	Installation and maintenance of air-conditioning systems (Malaysia)	100	100
<b><i>Held through:</i></b>			
<b><i>Progen Pte Ltd</i></b>			
Progen Industrial Pte Ltd <sup>(1)</sup> (Singapore)	Sale and distribution of household electrical appliances and air-conditioners (Singapore)	100	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by Ernst & Young LLP, Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 9. INVESTMENT IN AN ASSOCIATED COMPANY

The Group's investment in an associated company is summarised below:

Group	2021 \$'000	2020 \$'000
Unquoted equity shares, at cost	400	400
Share of losses of associate	(400)	(400)
	-	-

Name of company	Principal place of business	Principal activities	Proportion of ownership interest	
			2021 %	2020 %
TSky Balmoral Pte Ltd <sup>(1)</sup>	Singapore	Property development	20	20

(1) Audited by KPMG, Singapore.

The activities of the associated company are strategic to the Group's activities. The Group has not recognised losses relating to TSky Balmoral Pte Ltd ("TSky") where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was \$864,000 (2020: \$1,610,000). The Group has no obligation in respect of these losses.

The summarised financial information in respect of TSky Balmoral Pte Ltd ("TSky") based on the FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

### Summarised balance sheet

	TSky	
	2021 \$'000	2020 \$'000
Current assets	30,590	6,131
Non-current assets	101,761	119,619
Total assets	132,351	125,750
Current liabilities	(4,484)	(6,499)
Non-current liabilities	(132,185)	(127,294)
Total liabilities	(136,669)	(133,793)
Net liabilities	(4,318)	(8,043)
Proportion of Group's ownership	20%	20%
Group's share of net assets, representing carrying amount of the investment	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 9. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

### Summarised statement of comprehensive income

	TSky	
	2021	2020
	\$'000	\$'000
Revenue	36,135	6,109
Loss after tax, representing total comprehensive income	<u>3,726</u>	<u>(2,567)</u>

## 10. TRADE RECEIVABLES

Group	2021	2020
	\$'000	\$'000
Trade receivables	486	230
Retention monies receivables	174	829
GST receivable	-	3
	<u>660</u>	<u>1,062</u>
Trade receivables are stated after deducting allowance for expected credit loss of	<u>(739)</u>	<u>(804)</u>
<i>Analysis of allowance for doubtful debts:-</i>		
At 1 January	(804)	(739)
Write-back/(charge) for the year		
- Trade receivables	<u>65</u>	<u>(65)</u>
At 31 December	<u>(739)</u>	<u>(804)</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties or have defaulted on payments. They are not secured by any collateral or credit enhancements.

Trade receivables are denominated in SGD.

### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$412,000 as at 31 December 2021 and \$773,000 as at 31 December 2020 that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

Group	2021	2020
	\$'000	\$'000
<i>Trade receivables past due:</i>		
1 to 30 days	35	427
31 to 60 days	204	14
61 to 90 days	29	20
More than 90 days	<u>144</u>	<u>312</u>
	<u>412</u>	<u>773</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 10. TRADE RECEIVABLES (CONTINUED)

### Receivables that are impaired

As at 31 December 2021, the Group has provided an allowance of \$587,000 (31 December 2020: \$587,000) for impairment of the retention monies receivable and \$152,000 (31 December 2020: \$217,000) for impairment of trade receivables from customers with a nominal amount of \$739,000 (31 December 2020: \$804,000).

### Expected credit losses

The movement in allowance for expected credit losses of trade receivables and retention receivables computed based on lifetime ECL are as follows:

Group	Trade receivables	Retention receivables	Trade receivables	Retention receivables
	2021	2021	2020	2020
	\$'000	\$'000	\$'000	\$'000
<i>Movement in allowance amounts</i>				
At 1 January	(217)	(587)	(152)	(587)
Write-back/(charge) for the year	65	–	(65)	–
At 31 December	<b>(152)</b>	<b>(587)</b>	<b>(217)</b>	<b>(587)</b>

## 11. INVESTMENT SECURITIES

Group	2021	2020
	\$'000	\$'000
At fair value through profit or loss		
– Equity instruments (quoted)	<b>71</b>	<b>64</b>

During the financial year, the Group recognised a fair value gain arising from investments in equity instruments amounting to \$7,000 (2020: fair value gain of \$10,000) directly in the profit or loss.

## 12. RELATED PARTY BALANCES

### Loan to an associated company (non-current)

The loan is interest bearing, unsecured, repayable upon the completion of the associated company's development project and is to be settled in cash. The interest rate is pegged to the interest rate of the land loan obtained by the associated company from external banks.

This amount relates to shareholders' loan provided to the associated company for the property development project at 17 Balmoral Road.

The Group considers information on the progress of the associated company's property development and sales plans, outlook of the relevant property market prices, potential impact of the COVID-19 pandemic on expected sale prices and development completion date and costs, the credentials, track record and credit default information of the main developer and major shareholder of the associated company, external information on the industry default rate and rate of return for similar investments. As at 31 December 2021, the Group has not recorded any expected credit loss on the loan to an associated company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 12. RELATED PARTY BALANCES (CONTINUED)

### Amount due from a subsidiary (non-current)

The non-trade amount is interest-free and not expected to be repaid in the next 12 months. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the amount forms, in substance, part of the net investment in the subsidiary, it is stated at cost.

### Amounts due from subsidiaries (current)

<b>Company</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Non-trade	<b>1,384</b>	1,237
Allowance for doubtful debts	<b>(120)</b>	(120)
	<b>1,264</b>	1,117

The non-trade balances relate to management fees due, common cost allocations as well as payment made on behalf of these subsidiaries. At the balance sheet date, the Company has provided an allowance of expected credit loss of \$120,000 (2020: \$120,000) on amounts due from subsidiaries.

Amounts due from subsidiaries are denominated in SGD.

### Amounts due to subsidiaries

The non-trade balances relate to payments made on behalf by the subsidiaries.

## 13. INVENTORIES

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>At lower of cost and net realisable value</i>		
Consumables and spares	<b>2</b>	2
Trading stocks	<b>141</b>	329
	<b>143</b>	331
Inventories are stated after deducting allowance for obsolescence	<b>34</b>	0

Inventories recognised as an expense in cost of products and installation are \$1,176,000 and \$832,000 for the financial years ended 31 December 2021 and 2020 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 14. OTHER RECEIVABLES

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Current</u>		
Other receivables	17	9
	<b>17</b>	<b>9</b>
<u>Non-current</u>		
Other receivables	637	523
	<b>654</b>	<b>532</b>

Other receivables are non-interest bearing and are generally on 30 days term. They are recognised at their original invoice amounts which represent their fair values at initial recognition.

## 15. GRANT RECEIVABLE

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Government grants	-	115	-	8

### Government grants

The Group has been awarded grants under the Jobs Support Scheme (the "JSS") during the financial years ended 31 December 2021 and 31 December 2020. The JSS is a temporary scheme introduced in the Singapore Budget 2021 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

## 16. TRADE PAYABLES

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables	279	787	10	22
Retention sums payable	268	305	-	-
GST payable	34	-	28	12
	<b>581</b>	<b>1,092</b>	<b>38</b>	<b>34</b>

Trade payables are non-interest bearing and are normally settled on 60 days (31 December 2020: 60 days) terms.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 17. OTHER PAYABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current</u>				
Accrued operating expenses	1,588	1,556	644	640
Deposits received	219	216	–	–
Sundry payables	503	591	6	26
Amounts due to directors	212	177	212	177
	<u>2,522</u>	<u>2,540</u>	<u>862</u>	<u>843</u>

Included in accrued operating expenses are unbilled construction work done on investment property of \$596,000 (31 December 2020: \$596,000).

Sundry payables are non-interest bearing and have an average term of 12 months.

Amounts due to directors are non-interest bearing and repayable on demand.

## 18. DEFERRED GRANT INCOME

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Government grants	–	175	–	31

### Government grants

The Group has been awarded grants under the Jobs Support Scheme (the "JSS") during the financial years ended 31 December 2021 and 31 December 2020. The JSS is a temporary scheme introduced in the Singapore Budget 2021 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

## 19. BORROWINGS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Bank borrowings	1,400	1,300	–	–

### Bank borrowings

The effective interest rate is 2.25% (2020: 2.25%) per annum. The bank borrowings were secured on the investment property and were denominated in Singapore Dollar. The total credit facilities as at year end amounted to \$4,750,000 (2020: \$6,300,000).



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 20. LEASE LIABILITIES

The Group has lease contract for its land lease. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The carrying amounts of lease liabilities recognised and the movements during the year are as follows:

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
As at 1 January 2021	<b>1,700</b>	1,774
Interest expense	<b>60</b>	61
Payments	<b>(90)</b>	(91)
Adjustment due to remeasurement of lease liabilities	<b>–</b>	(44)
As at 31 December 2021	<b>1,670</b>	1,700
<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	<b>(32)</b>	(31)
Non-current	<b>(1,638)</b>	(1,669)

The reconciliation of the changes in liabilities arising from financing activities is as follows:

	At beginning of reporting period \$'000	Non-cash changes		Interest expense \$'000	Adjustment due to remeasurement of lease liabilities \$'000	Financing cash flows \$'000	At end of reporting period \$'000
		Additional Drawdown \$'000	Initial recognition \$'000				
<b>31 December 2021</b>							
Lease liabilities	(1,700)	–	–	(60)	–	90	(1,670)
Bank borrowings	(1,300)	(100)	–	(31)	–	31	(1,400)
<b>31 December 2020</b>							
Lease liabilities	(1,774)	–	–	(61)	44	91	(1,700)
Bank borrowings	–	(1,300)	–	(7)	–	7	(1,300)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 21. DEFERRED TAX ASSETS

Deferred income tax as at 31 December relates to the following:

	Group				Company	
	Consolidated balance sheet		Statement of comprehensive income		Balance sheet	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Provisions	4	4	-	-	-	-
Unutilised tax losses	51	51	-	-	-	-
Other items	(1)	(1)	-	-	-	-
	<u>54</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred income tax expense			-	-		
<i>Deferred tax asset not recognised</i>						
Differences in depreciation for tax purposes	(62)	(41)			-	-
Provisions	(103)	(106)			(95)	(93)
Unutilised tax losses	(1,141)	(1,021)			-	-
	<u>(1,306)</u>	<u>(1,168)</u>			<u>(95)</u>	<u>(93)</u>

### Deferred tax asset recognised

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing contracts for the next financial year.

### Deferred tax asset not recognised

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$1,141k (2020: \$1,021k) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date. Deferred tax asset arising from temporary differences are not recognised due to uncertainty of its recoverability.

## 22. SHARE CAPITAL

	Group and Company			
	2021		2020	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<b>Issued and fully paid ordinary shares:</b>				
At beginning and end of financial year	<u>390,512</u>	<u>32,390</u>	<u>390,512</u>	<u>32,390</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 23. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## 24. REVENUE

### (a) Disaggregation of revenue

Group	2021 \$'000	2020 \$'000
<b>Major product or service line</b>		
Product and installation	2,743	2,094
Servicing and maintenance	462	437
Rental income	741	483
	<b>3,946</b>	<b>3,014</b>
<b>Timing of transfer of goods or services</b>		
At a point in time <sup>^</sup>	1,203	920
Over time <sup>*</sup>	2,743	2,094
	<b>3,946</b>	<b>3,014</b>

<sup>^</sup> Pertains to revenue from the servicing and maintenance and rental income.

<sup>\*</sup> Pertains to revenue from product and installation

### (b) Judgement and methods used in estimating revenue

For the revenue from product and installation where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the product and installation works to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the product and installation works. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the products and installation works.

The estimated total costs is based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project managers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in other similar product and installation projects for the past 2 to 3 years.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 24. REVENUE (CONTINUED)

### (c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

<b>Group</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Receivables from contracts with customers (Note 10)	660	1,062
Contract assets	43	155
Contract liabilities	<u>910</u>	<u>348</u>

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to \$NIL (2020: \$65,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for products and installation projects. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for products and installation projects. Contract liabilities are recognised as revenue as the Group performs under the contract.

A reconciliation of the carrying amount of the contract assets/(liabilities) is as follows:

<b>Group</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Opening balance	(193)	202
Amount billed to customers during the year	(3,190)	(2,377)
Amount of revenue recognised during the year but unbilled as at year end	<u>2,516</u>	<u>1,982</u>
Ending balance	<u>(867)</u>	<u>(193)</u>

### (d) Transaction price allocated to remaining performance obligation

The Group expects to recognise \$7,880,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2021 in financial year 2022 and \$2,138,000 in the financial year 2023.

## 25. DIVIDEND INCOME

<b>Group</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Quoted equity securities	<u>-</u>	<u>2</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 26. OTHER INCOME, SALARIES AND EMPLOYEE BENEFITS AND OTHER EXPENSES

Group	2021 \$'000	2020 \$'000
<b>Other income</b>		
Interest income		
– Fixed deposits	2	18
– Current account	–	2
– Loan to an associated company	114	127
Government grants	238	537
Others	84	22
	<b>438</b>	<b>706</b>
Group	2021 \$'000	2020 \$'000
<b>Salaries and employee benefits</b>		
Salaries and bonuses	(1,698)	(1,554)
Central Provident Fund contributions	(93)	(87)
Other short-term benefits	(184)	(400)
	<b>(1,975)</b>	<b>(2,041)</b>

Government grants income of \$69,000 for the year ended 31 December 2020 related to property tax rebates and cash grants received from the Singapore Government to help businesses deal with the impact from COVID-19. For the property tax rebates, the Group was obliged to pass on the benefits to its tenants and had transferred these to the tenants in form of rent rebates. For the cash grant, the Group was obliged to waive up to 2 months of rental to eligible tenants.

Grant income of \$173,000 (2020: \$197,000) was recognised during the financial year under the Jobs Support Scheme (the "JSS") (Note 15).

### **Property operating expenses and other expenses**

The following items have been included in arriving at property operating expenses and other expenses:

Property tax	(120)	(120)
Repair and maintenance	(83)	(56)
Audit fees:		
– Auditor of the Company	(78)	(78)
– Other auditors	(2)	(2)
Non-audit fees:		
– Auditor of the Company	(12)	(13)
Directors' fees	(141)	(141)
Fair value gain on investment securities (Note 11)	7	10
Fair value loss on investment property (Note 5)	2,000	2,000
Fair value loss on right-of-use assets (Note 5)	30	30
Write-back/(allowance) for expected credit loss (Note 10)	65	(65)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 27. FINANCE COST

<b>Group</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Interest expense on:		
– Bank loans	(31)	(7)
– Lease liabilities	(60)	(61)
	<b>(91)</b>	<b>(68)</b>

## 28. INCOME TAX

<b>Group</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
<b>Statement of comprehensive income:</b>		
Current income tax	–	–
– Over provision in respect of previous years	–	–
Income tax expense recognised in profit or loss	–	–

### Relationship between tax and loss before tax

The reconciliation between income tax and the product of loss before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows:

<b>Group</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Loss before income tax	<b>(2,675)</b>	<b>(2,934)</b>
Tax calculated at corporate tax rate of 17% (2020: 17%)	<b>(455)</b>	(499)
Non-deductible expenses	<b>362</b>	432
Income not subject to taxation	<b>(30)</b>	(65)
Effect of partial tax exemption and tax relief	<b>(1)</b>	–
Deferred tax assets not recognised	<b>123</b>	159
Others	<b>1</b>	(27)
Income tax recognised in the profit or loss	–	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 29. LOSS PER SHARE

Loss per share is calculated by dividing the net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of shares takes into account the weighted average effect of the rights issue during the year.

The following reflects the net loss and share data used in the basic and diluted loss per share computations for the years ended 31 December:

<b>Group</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Loss for the year attributable to equity holders of the Company	<u>(2,675)</u>	<u>(2,934)</u>
	<b>No. of shares</b>	
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares in issue	<u>390,512</u>	<u>390,512</u>

The diluted loss per share is the same as the basic loss per share as the Company does not have any diluted potential ordinary shares for the financial years ended 31 December 2021 and 2020.

## 30. COMMITMENTS

### *Operating lease commitments – As lessor*

The Group had entered into leasing agreements on its investment property.

Minimum lease payments, recognised as an income in profit or loss for the financial year ended 31 December 2021 amounted to \$741,000 (2020: \$483,000).

Future minimum lease receivable for the lease arrangement with remaining terms of one year or more are as follows:

<b>Group</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Within one year	<b>434</b>	533
After one year but not more than five years	<b>619</b>	450
	<u><b>1,053</b></u>	<u>983</u>

## 31. RELATED PARTY DISCLOSURES

An entity or individual is considered a related party of the Group for the purpose of the financial statements if,

- (i) It possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or
- (ii) It is subject to common control or common significant influence.

During the financial year, other than those disclosed elsewhere in the financial statements, related party transactions of the Group are as follows:



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 31. RELATED PARTY DISCLOSURES (CONTINUED)

### *Compensation of key management personnel*

<b>Group</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Salaries and other emoluments	<b>1,421</b>	1,169
Central Provident Fund contributions	<b>60</b>	57
Other short-term benefits	<b>6</b>	–
	<b>1,487</b>	1,226
<i>Comprise amounts paid to:</i>		
– Directors of the Company	<b>931</b>	751
– Other key management personnel	<b>556</b>	475
	<b>1,487</b>	1,226

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The Audit & Risk Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, loan to an associated company and amounts due from subsidiaries. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) *Credit risk* (Continued)

#### Simplified approach

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises 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 for forward-looking factors specific to the debtors and the economic environment.

#### General approach

The Group applies the general approach to provide for ECLs on all other financial assets not held at fair value through profit or loss. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) *Credit risk* (Continued)

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade at the balance sheet date is as follows:

Group	2021		2020	
	\$'000	% of total	\$'000	% of total
<b>By country:</b>				
Singapore	<b>660</b>	100	<b>1,062</b>	100
<b>By industry sectors:</b>				
Products and installation	<b>628</b>	95	<b>1,042</b>	99
Servicing and maintenance	<b>32</b>	5	<b>20</b>	1
	<b>660</b>	100	<b>1,062</b>	100

#### Financial assets that are neither past due nor impaired

Trade and other receivables and amount due from subsidiaries that are neither past due nor impaired are creditworthy debtors with good payment record with the Group and the Company. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10 (Trade receivables) and Note 12 (Related party balances).

### (b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) *Liquidity risk* (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted payments.

Group	Notes	31 December 2021			Total \$'000
		Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000	
<b>Financial assets</b>					
Trade receivables	10	660	-	-	660
Contract asset	24(c)	43	-	-	43
Other receivables	14	17	637	-	654
Cash and bank balances	7	583	-	-	583
Deposits		37	-	-	37
Investment securities	11	71	-	-	71
Fixed deposits	7	-	2,000	-	2,000
Loan to an associated company	12	-	8,630	-	8,630
Total undiscounted financial assets		1,411	11,267	-	12,678
<b>Financial liabilities</b>					
Trade payables	16	547	-	-	547
Other payables	17	2,522	-	-	2,522
Contract liabilities	24(c)	910	-	-	910
Revolving credit facilities	19	1,400	-	-	1,400
Lease liabilities	20	90	362	2,267	2,719
Total undiscounted financial liabilities		5,469	362	2,267	8,098
<b>Total net undiscounted financial (liabilities)/assets</b>		<b>(4,058)</b>	<b>10,905</b>	<b>(2,267)</b>	<b>4,580</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) *Liquidity risk* (Continued)

Group	Notes	31 December 2020			Total \$'000
		Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000	
<b>Financial assets</b>					
Trade receivables	10	1,059	–	–	1,059
Contract asset	24(c)	155	–	–	155
Other receivables	14	9	523	–	532
Grant receivables	15	115	–	–	115
Cash and bank balances	7	494	–	–	494
Deposits		37	–	–	37
Investment securities	11	64	–	–	64
Fixed deposits	7	–	2,000	–	2,000
Loan to an associated company	12	–	8,630	–	8,630
Total undiscounted financial assets		1,933	11,153	–	13,086
<b>Financial liabilities</b>					
Trade payables	16	1,092	–	–	1,092
Other payables	17	2,540	–	–	2,540
Contract liabilities	24(c)	348	–	–	348
Revolving credit facilities	19	1,300	–	–	1,300
Lease liabilities	20	90	362	2,357	2,809
Total undiscounted financial liabilities		5,370	362	2,357	8,089
<b>Total net undiscounted financial (liabilities)/assets</b>		<b>(3,437)</b>	<b>10,791</b>	<b>(2,357)</b>	<b>4,997</b>
<b>31 December 2021</b>					
Company	Notes	Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000	Total \$'000
<b>Financial assets</b>					
Cash and bank balances	7	65	–	–	65
Deposit		5	–	–	5
Amounts due from subsidiaries	12	1,264	–	–	1,264
Total undiscounted financial assets		1,334	–	–	1,334
<b>Financial liabilities</b>					
Trade payables	16	10	–	–	10
Other payables	17	862	–	–	862
Amounts due to subsidiaries	12	2,023	–	–	2,023
Lease liabilities	20	88	–	–	88
Total undiscounted financial liabilities		2,983	–	–	2,983
<b>Total net undiscounted financial liabilities</b>		<b>(1,649)</b>	<b>–</b>	<b>–</b>	<b>(1,649)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) *Liquidity risk* (Continued)

Company	Notes	31 December 2020			Total \$'000
		Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000	
<b>Financial assets</b>					
Cash and bank balances	7	11	–	–	11
Deposit		6	–	–	6
Grant receivable	15	8	–	–	8
Amounts due from subsidiaries	12	1,117	–	–	1,117
Total undiscounted financial assets		1,142	–	–	1,142
<b>Financial liabilities</b>					
Trade payables	16	22	–	–	22
Other payables	17	843	–	–	843
Deferred grant income	18	31	–	–	31
Amounts due to subsidiaries	12	671	–	–	671
Lease liabilities	20	151	88	–	239
Total undiscounted financial liabilities		1,718	88	–	1,806
Total net undiscounted financial liabilities		(576)	(88)	–	(664)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 33. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The financial instruments of the Group and Company as at 31 December by classes are as follows:

	Group		Company	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
<b>Debt instruments at amortised cost</b>				
Fixed deposits (non-current)	2,000	2,000	-	-
Loan to an associated company	8,630	8,630	-	-
Cash and bank balances	583	494	65	11
Trade receivables	660	1,062	-	-
Deposits	37	37	5	6
Other receivables	654	532	3	2
Contract assets	43	155	-	-
Amounts due from subsidiaries (current)	-	-	1,264	1,117
	<b>12,607</b>	<b>12,910</b>	<b>1,337</b>	<b>1,136</b>
<b>Financial assets at fair value through profit or loss</b>				
Investment securities	71	64	-	-
<b>Financial liabilities at amortised cost</b>				
Trade payables	(581)	(1,092)	(38)	(34)
Other payables	(2,522)	(2,540)	(862)	(843)
Contract liabilities	(910)	(348)	-	-
Borrowings	(1,400)	(1,300)	-	-
Amounts due to subsidiaries	-	-	(2,023)	(671)
Lease liabilities	(1,670)	(1,700)	(87)	(232)
	<b>(7,083)</b>	<b>(6,980)</b>	<b>(3,010)</b>	<b>(1,780)</b>

### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	\$'000			Total
	Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>31 December 2021</b>				
<b>Assets measures at fair value</b>				
<b>Financial assets:</b>				
Equity securities at fair value through profit or loss (Note 11)	71	–	–	71
Financial assets as at 31 December 2021	<u>71</u>	<u>–</u>	<u>–</u>	<u>71</u>
<b>Non-financial assets:</b>				
Investment property – Factory (Note 5)	–	–	18,000	18,000
Non-financial assets as at 31 December 2021	<u>–</u>	<u>–</u>	<u>18,000</u>	<u>18,000</u>
<b>31 December 2020</b>				
<b>Assets measures at fair value</b>				
<b>Financial assets:</b>				
Equity securities at fair value through profit or loss (Note 11)	64	–	–	64
Financial assets as at 31 December 2020	<u>64</u>	<u>–</u>	<u>–</u>	<u>64</u>
<b>Non-financial assets:</b>				
Investment property – Factory (Note 5)	–	–	20,000	20,000
Non-financial assets as at 31 December 2020	<u>–</u>	<u>–</u>	<u>20,000</u>	<u>20,000</u>

There have been no transfers between Level 1, Level 2 and Level 3 during 2021 and 2020.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (c) Level 3 fair value measurements

#### (i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable input level 3.

#### Recurring fair value measurement

Description	Fair value (\$'000)	Valuation techniques	Unobservable inputs	Range \$
<b>31 December 2021</b>				
<i>Investment property - Factory</i>	18,000	Direct comparison method	Price per square feet	120 – 230
<b>31 December 2020</b>				
<i>Investment property - Factory</i>	20,000	Direct comparison method	Price per square feet	120 – 230

Observable inputs are quoted prices for assets in a market. Where the market price for an asset is not available, unobservable inputs are used and they are developed using assumptions that market participants would use when pricing the asset.

Where necessary, these inputs have been adjusted to reflect specific circumstances of the investment property and developed using the best information available about the assumptions that market participants would use when pricing the assets.

A significant increase/(decrease) in price per square feet based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

#### (ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs:

Group	Investment property Factory 2021 \$'000	Investment property Factory 2020 \$'000
At 1 January	20,000	22,000
Total losses for the period		
Included in profit or loss	(2,000)	(2,000)
Additions (subsequent expenditure)	-	-
At 31 December	18,000	20,000

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (c) *Level 3 fair value measurements* (Continued)

#### (iii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation appraisers who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by the independent external appraiser, the appropriateness of the valuation methodologies and assumptions adopted are reviewed by management along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

### (d) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short term nature: cash and bank balances (Note 7), fixed deposits (Note 7), trade receivables (Note 10), deposits and other receivables, related party balances (Note 12), trade payables (Note 16), other payables (Note 17) and loan and borrowings (Note 19).

## 34. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- I. The products and installation segment relates to contracting of engineering works, cooling towers, air-conditioning and mechanical ventilation systems.
- II. The servicing and maintenance segment relates to servicing and repairing of air-conditioners, cooling towers and other cooling equipment.
- III. The rental segment relates to the leasing of factory and office space.
- IV. The property development segment relates to the business of developing and selling of residential properties undertaken by the associated company.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 34. SEGMENT INFORMATION (CONTINUED)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment revenue, expenses and results incurred are transferred between business segments. Those transfers are eliminated on consolidation.

Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties.

As the Group operates substantially in Singapore, no segment information by geographical segment is presented.

Revenue from 5 (2020: 5) major customers amounted to \$2,249,000 (2020: \$2,056,000) arising from sales under the products and installation segment.

### Information about a major customer

Revenue from one major customer amounted to \$1,166,000, arising from the product and installation segment.

The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2021 and 31 December 2020:

Business segments	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Property Development \$'000	Others \$'000	Eliminations/ Adjustments \$'000	Notes	Group \$'000
<b>31 December 2021</b>								
<u>Segment revenue</u>								
Sales to external customers	2,743	462	741	-	-	-		3,946
Intersegment sales	101	-	151	-	-	(252)	A	-
Total revenue								<u>3,946</u>
<u>Segment results</u>								
Interest income	2	-	1	114	-	-		117
Other income	123	33	38	-	44	-		238
Fair value loss on investment property	-	-	(2,000)	-	-	-		(2,000)
Depreciation and amortisation	(96)	(8)	(171)	-	(1)	141		(135)
Other non-cash expenses	-	(40)	-	(2)	(91)	-	B	(133)
Segment loss before tax	(875)	45	(1,810)	(130)	240	(145)		(2,675)
Income tax credit	-	-	-	-	-	-		-
Loss, net of tax								<u>(2,675)</u>
<u>Segment assets and liabilities</u>								
Segment assets	1,420	329	21,883	9,267	154	-		33,053
Segment liabilities	2,539	161	2,113	9,476	2,365	(9,476)		7,178
Capital expenditure	123	6	2,031	-	148	(142)		2,166

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 34. SEGMENT INFORMATION (CONTINUED)

Business segments	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Property Development \$'000	Others \$'000	Eliminations/ Adjustments \$'000	Notes	Group \$'000
<b>31 December 2020</b>								
<i>Segment revenue</i>								
Sales to external customers	2,094	437	483	-	-	-		3,014
Intersegment sales	50	-	151	-	-	(201)	A	-
Total revenue								<u>3,014</u>
<i>Segment results</i>								
Interest income	14	1	5	127	-	-		147
Dividend income	2	-	-	-	-	-		2
Fair value loss on investment property	-	-	(2,000)	-	-	-		(2,000)
Depreciation and amortisation	(107)	(11)	(173)	-	-	142		(149)
Other non-cash expenses	(65)	-	-	(2)	(69)	-	B	(136)
Segment loss before tax	(968)	32	(1,923)	127	(62)	(140)		(2,934)
Income tax credit	-	-	-	-	-	-		-
Loss, net of tax								<u>(2,934)</u>
<i>Segment assets and liabilities</i>								
Segment assets	3,664	405	22,541	9,154	56	(24)		35,795
Segment liabilities	2,404	192	2,239	9,230	2,401	(9,230)		7,236
Capital expenditure	139	6	2,029	-	146	(142)		2,178

### Notes:

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses pertain to impairment of doubtful debts, fixed assets written off, and loss on disposal of property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made to the objectives, policies or processes during the years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade payables, other payables and lease liabilities, less cash and cash equivalents.

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables (Note 16)	<b>(581)</b>	(1,092)
Other payables (Note 17)	<b>(3,432)</b>	(2,888)
Borrowings (Note 19)	<b>(1,400)</b>	(1,300)
Lease liabilities (Note 20)	<b>(1,670)</b>	(1,700)
Less: Cash and cash equivalents (Note 7)	<b>583</b>	494
Net debt	<b>(6,500)</b>	(6,486)
Equity attributable to the equity holders of the parent	<b>25,875</b>	28,559
Gearing ratio	<b>25.1%</b>	22.7%

## 36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 31 March 2022.

# SHAREHOLDERS' INFORMATION

As at 23 March 2022

Issued and paid-up capital	:	S\$32,557,787
Number of equity securities	:	390,511,778
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Class of equity securities	:	Ordinary share
Voting rights	:	One vote per share

## Statistics of Shareholdings

Size of Shareholdings		Number of Shareholders	%	Number of Shares	%
1	– 99	15	0.96	489	0.00
100	– 1,000	150	9.62	75,247	0.02
1,001	– 10,000	483	30.98	2,686,700	0.69
10,001	– 1,000,000	883	56.64	69,331,530	17.75
1,000,001	and above	28	1.80	318,417,812	81.54
		<b>1,559</b>	<b>100.00</b>	<b>390,511,778</b>	<b>100.00</b>

## Substantial Shareholders

(Based on the Register of Substantial Shareholders as at 23 March 2022)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	%
Lee Ee @ Lee Eng <sup>(2)</sup>	167,277,440	42.84	28,113,041	7.20
Golden Wang Holdings Pte. Ltd.	54,400,000	13.93	–	–
Koh Moi Huang <sup>(3)</sup>	28,113,041	7.20	167,277,440	42.84
Lau Kung Ching <sup>(4)</sup>	2,025,000	0.52	54,400,000	13.93
Ting Jack Hing <sup>(5)</sup>	–	–	54,400,000	13.93

### Notes:

- The percentage is based on 390,511,778 shares in issue as at 23 March 2022.
- Out of the 167,277,440 shares directly interested by Mr Lee Ee @ Lee Eng ("**Mr Lee**"), 9,524,250 shares are held by United Overseas Bank Nominees (Private) Limited. Mr Lee is deemed to be interested in the 28,113,041 shares held by his wife, Mdm Koh Moi Huang ("**Mdm Koh**").
- Mdm Koh is deemed to be interested in the 167,277,440 shares held by her husband, Mr Lee.
- Mr Lau Kung Ching is deemed to be interested in the 54,400,000 shares held by Golden Wang Holdings Pte. Ltd. ("**GW**") pursuant to Section 7 of the Companies Act 1967 of Singapore as he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in GW.
- Mr Ting Jack Hing is deemed to be interested in the 54,400,000 shares held by GW pursuant to Section 7 of the Companies Act 1967 of Singapore as he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in GW.

# SHAREHOLDERS' INFORMATION

As at 23 March 2022

## Twenty Largest Shareholders

	<b>Name</b>	<b>Number of Shares</b>	<b>%</b>
1.	Lee Ee @ Lee Eng	157,753,190	40.40
2.	Golden Wang Holdings Pte Ltd	54,400,000	13.93
3.	Koh Moi Huang	28,113,041	7.20
4.	United Overseas Bank Nominees (Private) Limited	13,406,700	3.43
5.	CGS-CIMB Securities (Singapore) Pte. Ltd.	10,856,400	2.78
6.	UOB Kay Hian Private Limited	7,078,100	1.81
7.	Ooi Thian Huang	5,254,500	1.35
8.	Tan Eng Chua Edwin	3,736,600	0.96
9.	Tan Ann Ni (Chen Anni)	3,453,000	0.88
10.	OCBC Nominees Singapore Private Limited	3,451,050	0.88
11.	DBS Nominees (Private) Limited	3,052,035	0.78
12.	Han Jing	3,048,100	0.78
13.	Phillip Securities Pte Ltd	2,074,097	0.53
14.	Lau Kung Ching	2,025,000	0.52
15.	Lee Kai Heng	2,000,000	0.51
16.	Koh May Kiaw	1,856,000	0.48
17.	Lim And Tan Securities Pte Ltd	1,787,000	0.46
18.	Lee Yung Li Andy	1,624,000	0.42
19.	Lee Pui Hoon (Li Peifen)	1,620,001	0.41
20.	Tan Siew Thiam	1,600,000	0.41
		<b>308,188,814</b>	<b>78.92</b>

## Percentage of Shareholding in Public's Hands

As at 23 March 2022, to the best of our knowledge, approximately 33.74% of the Company's Ordinary Shares listed on the SGX were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalyst.



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of **PROGEN HOLDINGS LTD** (the “Company”) will be held by way of electronic means on Thursday, 28 April 2022 at 10:00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 109 the Constitution of the Company:
  - (a) Mr. Ch’ng Jit Koon **(Resolution 2)**
  - (b) Mr. Francis Lau Choo Yew **(Resolution 3)**

*[See Explanatory Note (i)]*
3. To approve the payment of S\$139,840 as Directors’ fees for the financial year ended 31 December 2021 (FY2020: S\$139,840). **(Resolution 4)**
4. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

### 6. Authority to issue shares

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “Companies Act”) and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

- (a)
  - (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

## NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with sub-paragraph (2)(a) or (2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

**[See Explanatory Note (ii)]**

**(Resolution 6)**

By Order of the Board

Ngiam May Ling  
Secretary  
Singapore, 13 April 2022

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) The Ordinary Resolution 2 is for the re-election of Mr. Ch'ng Jit Koon ("**Mr Ch'ng**"), a Director of the Company who retires by rotation at this Annual General Meeting. Mr. Ch'ng will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit and Risk, Nominating and Investment Review Committees and will be considered independent. Further information on Mr. Ch'ng can be found under the section entitled "Board of Directors" on page 5 and table entitled "Information required under Appendix 7F of the Catalist Rules for Re-election of Directors under Rule 720(5) of the Catalist Rules on pages 36 to 42 of the Annual Report 2021.

The Ordinary Resolution 3 is for the re-election of Mr. Francis Lau Choo Yew ("**Mr Lau**"), a Director of the Company who retires by rotation at this Annual General Meeting. Mr. Lau will, upon re-election as a Director of the Company, remain as Non-Executive Director and will be considered independent. Further information on Mr. Lau can be found under the section entitled "Board of Directors" on page 6 and table entitled "Information required under Appendix 7F of the Catalist Rules for Re-election of Directors under Rule 720(5) of the Catalist Rules on pages 36 to 42 of the Annual Report 2021.

- (ii) The Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

## Important notes:

1. The Annual General Meeting ("**AGM**") of the Company is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice, the Proxy Form and the Annual Report 2021 will be published on SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting may be electronically accessed via "live" webcast or listening to the AGM proceedings via "live" audio feed), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's accompanying announcement dated 13 April 2022. This announcement will be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

# NOTICE OF ANNUAL GENERAL MEETING

## 3. Alternative Arrangements

The following are the alternative arrangements which have been put in place for the AGM:

### (a) "Live" webcast and "live" audio feed

The Chairman of the AGM will conduct the proceedings of the AGM by way of electronic means. Shareholders will be able to watch these proceedings through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings via a "live" audio feed via telephone. In order to do so, shareholders should follow these steps:

- Shareholders who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register from now till 10:00 a.m. on **26 April 2022** (the "**Registration Deadline**"), at the URL <https://rebrand.ly/Progen22>.

Following the authentication of the shareholders' status as members, authenticated shareholders will receive email instructions on how to access the "live" webcast and "live" audio feed of the AGM proceedings by **10:00 a.m. on 27 April 2022** (the "**Confirmation Email**").

- Shareholders who registered by the Registration Deadline but did not receive the Confirmation Email by **10:00 a.m. on 27 April 2022** should contact the Company via email at [jeremy@easyvideo.sg](mailto:jeremy@easyvideo.sg).
- Investors holding shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 of Singapore (other than CPF/SRS investors) who wish to participate in the AGM by (i) observing and/or listening to the AGM proceedings via "live" webcast or "live" audio feed; (ii) submitting questions in advance of the AGM; and/or (iii) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

### (b) Submission of questions in advance

Shareholders may also submit questions related to the resolutions to be tabled for approval at the AGM:

- All questions must be submitted by **10:00 a.m. on 21 April 2022**:
  - via the pre-registration website at the URL <https://rebrand.ly/Progen22>; or
  - by post and lodging the same at the registered office of the Company at 28 Riverside Road, #04-01 Progen Building, Singapore 739085; or
  - by email to [progen@progen.com.sg](mailto:progen@progen.com.sg).

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit questions by post, shareholders are strongly encouraged to submit questions electronically via the pre-registration website or by email as above stated.

- Shareholders will need to identify themselves when posing questions at pre-registration website or by post or by mail by providing the following details:
  - the shareholder's full name (as per CDP/CPF/SRS/Scrip-based records);
  - the shareholder's NRIC/Passport/UEN number;
  - the shareholder's contact number and email address; and
  - the manner in which the shareholder holds his/her/its shares in the Company (e.g. via CDP or SRS).

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

# NOTICE OF ANNUAL GENERAL MEETING

- The Company will address substantial and relevant questions received from shareholders by **10:00 a.m. on 24 April 2022** and publish them on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. During the AGM itself the Company will endeavour to address as many substantial and relevant questions related to the Ordinary Resolutions to be tabled at the AGM for approval, which are submitted after **10:00 a.m. on 21 April 2022** and have not already been addressed prior to the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
- The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET, and the minutes will include the responses to the questions which are addressed during the AGM.
- Please note that shareholders will not be able to ask questions at the AGM “live” during the webcast and the audio feed, and therefore it is important for shareholders to submit their questions in advance of the AGM.

(c) *Proxy voting*

Shareholders will not be able to vote online on the resolutions to be tabled for approval at the AGM.

Instead, if shareholders (whether individual or corporate) wish to exercise their votes, they must submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf:

- Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.
- The Proxy Form can be submitted to the Company in the following manner:
  - if submitted by post, be lodged at the registered office of the Company at 28 Riverside Road, #04-01 Progen Building, Singapore 739085; or
  - if submitted electronically, be submitted via email to [progen@progen.com.sg](mailto:progen@progen.com.sg),

in either case by **10:00 a.m. on 26 April 2022**, being 48 hours before the time appointed for holding the AGM.

A shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and submitting it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed Proxy Forms by post, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

Persons who hold their shares through Central Provident Fund (“CPF”) and Supplementary Retirement Scheme (“SRS”) (“CPF/SRS Investors”) who wish to participate in the AGM by (i) observing and/or listening to the AGM proceedings via the “live” webcast or the “live” audio feed and (ii) submitting questions in advance of the AGM, should follow the steps for pre-registration and pre-submission of questions set out under paragraphs 3(a) and 3(b) above. However, CPF/SRS Investors who wish to appoint the Chairman of the AGM as proxy to attend speak and vote on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by **10:00 a.m. on 18 April 2022**, being 7 working days before the date of the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

## 4. Key dates/Deadlines

In summary, the key dates/deadlines which shareholders should take note of are set out in the table below:

Key dates/Deadlines	Actions
<b>13 April 2022 (immediately upon the release of this announcement)</b>	Shareholders may begin to pre-register at <a href="https://rebrand.ly/Progen22">https://rebrand.ly/Progen22</a> for "live" webcast or "live" audio feed of the proceedings of the AGM.
<b>10:00 a.m. on 18 April 2022</b>	Deadline for CPF and SRS Investors who wish to appoint the Chairman of the AGM as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes.
<b>10:00 a.m. on 21 April 2022</b>	Deadline for shareholders to submit questions in advance.
<b>10:00 a.m. on 24 April 2022</b>	Deadline for the Company to address all substantial and relevant questions received from shareholders via SGXNet prior to the AGM.
<b>10:00 a.m. on 26 April 2022</b>	Deadline for shareholders to: <ul style="list-style-type: none"> <li>• pre-register for "live" webcast or "live" audio feed of the proceedings of the AGM; and</li> <li>• submit Proxy Forms.</li> </ul>
<b>10:00 a.m. on 27 April 2022</b>	Authenticated shareholders will receive the Confirmation Email which will contain webinar ID and password details, as well as the link to access the "live" webcast and a toll-free telephone number to access the "live" audio feed of the proceedings of the AGM.  Shareholders who registered by the Registration Deadline but did not receive the Confirmation Email by 10:00 a.m. on 27 April 2022 should contact the Company via email at <a href="mailto:jeremy@easyvideo.sg">jeremy@easyvideo.sg</a> .
<b>Date and time of AGM: 28 April 2022 at 10:00 a.m.</b>	<ul style="list-style-type: none"> <li>• Click on the link in the Confirmation Email and enter the password, if prompted, to access the "live" webcast of the proceedings of the AGM; or</li> <li>• call the toll-free telephone number in the Confirmation Email and enter the webinar ID and password to access the "live" audio feed of the proceedings of the AGM.</li> </ul>

5. Due to the current COVID-19 restriction orders in Singapore, a shareholder will not be able to attend the AGM in person. A shareholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The Proxy Form will be published on SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
6. Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
7. The Chairman of the AGM, as proxy, need not be a shareholder of the Company.
8. A shareholder may withdraw his/her/its Proxy Form appointing the Chairman of the AGM as proxy by sending an email to [progen@progen.com.sg](mailto:progen@progen.com.sg) to notify the Company of the withdrawal, at least 48 hours before the time for holding the AGM.

### Personal data privacy:

By submitting the Proxy Form appointing the Chairman to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder consents to the collection, use and disclosure of the shareholder's personal data by the Company (or their agents or service providers) for the purpose of the processing, administration and analysis by the Company (or their agents or service providers) of the appointment of the Chairman as proxy for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

## PROGEN HOLDINGS LTD

(Company Registration No. 199605118C)  
(Incorporated in the Republic of Singapore)

### PROXY FORM

#### IMPORTANT:

1. The AGM (as defined below) is being convened and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Proxy Form will be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. A printed copy of this Proxy Form will NOT be despatched to shareholders.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio webcast or "live" audio feed), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying announcement dated 13 April 2022 (the "13 April Announcement"). This announcement will be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. Due to the current COVID-19 restriction orders in Singapore, a shareholder will not be able to attend the AGM in person. A shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM.
4. For investors who have used their CPF monies to buy the Company's shares, this Annual report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
5. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
6. Prior to the AGM, shareholders are encouraged to email their questions via the means set out under paragraph 5(b) of the 13 April Announcement.
7. Please read the notes to the Proxy Form which contain instructions on, inter alia, the appointment of the chairman of the AGM as a shareholder's proxy to attend, speak and vote on his/her behalf at the AGM.

#### PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting as proxy, the shareholder accepts and agrees to the personal data privacy terms set out overleaf.

I/We (Name), \_\_\_\_\_ (NRIC No./Passport No./UEN No.) \_\_\_\_\_ of  
(Address) \_\_\_\_\_,  
being a shareholder/shareholders of **PROGEN HOLDINGS LTD** (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting (the "**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be convened and held by way of electronic means on Thursday, 28 April 2022 at 10:00 a.m. and at any adjournment thereof, as indicated below.

No.	Resolutions Relating to:	Number of Votes For <sup>^</sup>	Number of Votes Against <sup>^</sup>	Number of Votes Abstain <sup>^</sup>
<b>As Ordinary Business</b>				
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2.	Re-election of Mr. Ch'ng Jit Koon as a Director of the Company			
3.	Re-election of Mr. Francis Lau Choo Yew as a Director of the Company			
4.	Approval of payment of S\$139,840 as Directors' fees for the financial year ended 31 December 2021			
5.	Re-appointment of Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
<b>As Special Business</b>				
6.	Authority to issue shares			

<sup>^</sup> Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a Resolution, please tick in the "For" or "Against" box provided in respect of that Resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting to abstain from voting on a resolution, please tick in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total Number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder



**IMPORTANT: PLEASE READ NOTES OVERLEAF**



## Notes:

1. Due to the current COVID-19 restriction orders in Singapore, a shareholder will not be able to attend the AGM in person. A shareholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. This Proxy Form will be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. In appointing the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
2. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **10:00 a.m. on 18 April 2022**, being 7 working days before the date of the AGM.
3. The Chairman of the AGM, as proxy, need not be a shareholder of the Company.
4. A shareholder should insert the total number of shares held in the proxy form. If the shareholder has shares entered against his/her/its name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she/it should insert that number of shares. If the shareholder has shares registered in his/her/its name in the Register of Shareholders of the Company, he/she/it should insert that number of shares. If the shareholder has shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the shareholder.
5. A shareholder who is a relevant intermediary entitled to attend the meeting and vote (whether to vote in favour of or against, or to abstain from voting) is entitled to appoint the Chairman of the AGM as proxy to attend and vote (whether to vote in favour of or against, or to abstain from voting) instead of the shareholder, but the Chairman of the AGM must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
6. The Proxy Form appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
    - (a) if submitted by post, be lodged at the registered address of the Company at 28 Riverside Road, #04-01 Progen Building, Singapore 739085; or
    - (b) if submitted electronically, be submitted via email to [progen@progen.com.sg](mailto:progen@progen.com.sg),

in either case by **10:00 a.m. on 26 April 2022**, being 48 hours before the time appointed for holding the AGM.

A shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed Proxy Forms by post, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

7. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, it must be executed either under its common seal or under the hand of an officer or attorney so authorised.
8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly appointed officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must (failing previous registration) be deposited with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. A corporation which is a shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
10. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.
11. All shareholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

## PERSONAL DATA PRIVACY:

By submitting the Proxy Form appointing the Chairman to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder consents to the collection, use and disclosure of the shareholder's personal data by the Company (or their agents or service providers) for the purpose of the processing, administration and analysis by the Company (or their agents or service providers) of the appointment of the Chairman as proxy for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive

Lee Ee @ Lee Eng (Managing Director)

### Non-Executive

Tan Eng Liang (Independent Chairman)

Ch'ng Jit Koon (Independent)

Chee Wai Pong (Independent)

Francis Lau Choo Yew (Non-Independent)

## AUDIT & RISK COMMITTEE

Tan Eng Liang (Chairman)

Ch'ng Jit Koon

Chee Wai Pong

## NOMINATING COMMITTEE

Chee Wai Pong (Chairman)

Tan Eng Liang

Ch'ng Jit Koon

Lee Ee @ Lee Eng

## REMUNERATION COMMITTEE

Ch'ng Jit Koon (Chairman)

Tan Eng Liang

Chee Wai Pong

## INVESTMENT REVIEW COMMITTEE

Tan Eng Liang (Chairman)

Ch'ng Jit Koon

Lee Ee @ Lee Eng

## COMPANY SECRETARY

Ngiam May Ling

## REGISTERED OFFICE

28 Riverside Road

#04-01 Progen Building

Singapore 739085

Tel: (65) 6752 7787

Fax: (65) 6752 7797

Email: progen@progen.com.sg

## COMPANY REGISTRATION NO.

199605118C

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

#14-07 Keppel Bay Tower

Singapore 098632

## AUDITOR

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Audit Partner-in-charge: Ang Chuen Beng

(Appointed since financial year ended 31 December 2018)

## SPONSORS

PrimePartners Corporate Finance Pte. Ltd.

16 Collyer Quay

#10-00 Income at Raffles

Singapore 049318

## BANKERS

United Overseas Bank Limited

80 Raffles Place

UOB Plaza 1

Singapore 048624

Maybank Singapore Limited

2 Battery Road

Maybank Tower

Singapore 049907

DBS Bank Ltd

12 Marina Boulevard

Marina Bay Financial Centre Tower 3

Singapore 018982



**PROGEN**

**PROGEN HOLDINGS LTD**

Company Registration No. 199605118C  
28 Riverside Road  
#04-01 Progen Building  
Singapore 739085  
T: 6752 7787 / F: 6752 7797  
E: [progen@progen.com.sg](mailto:progen@progen.com.sg)