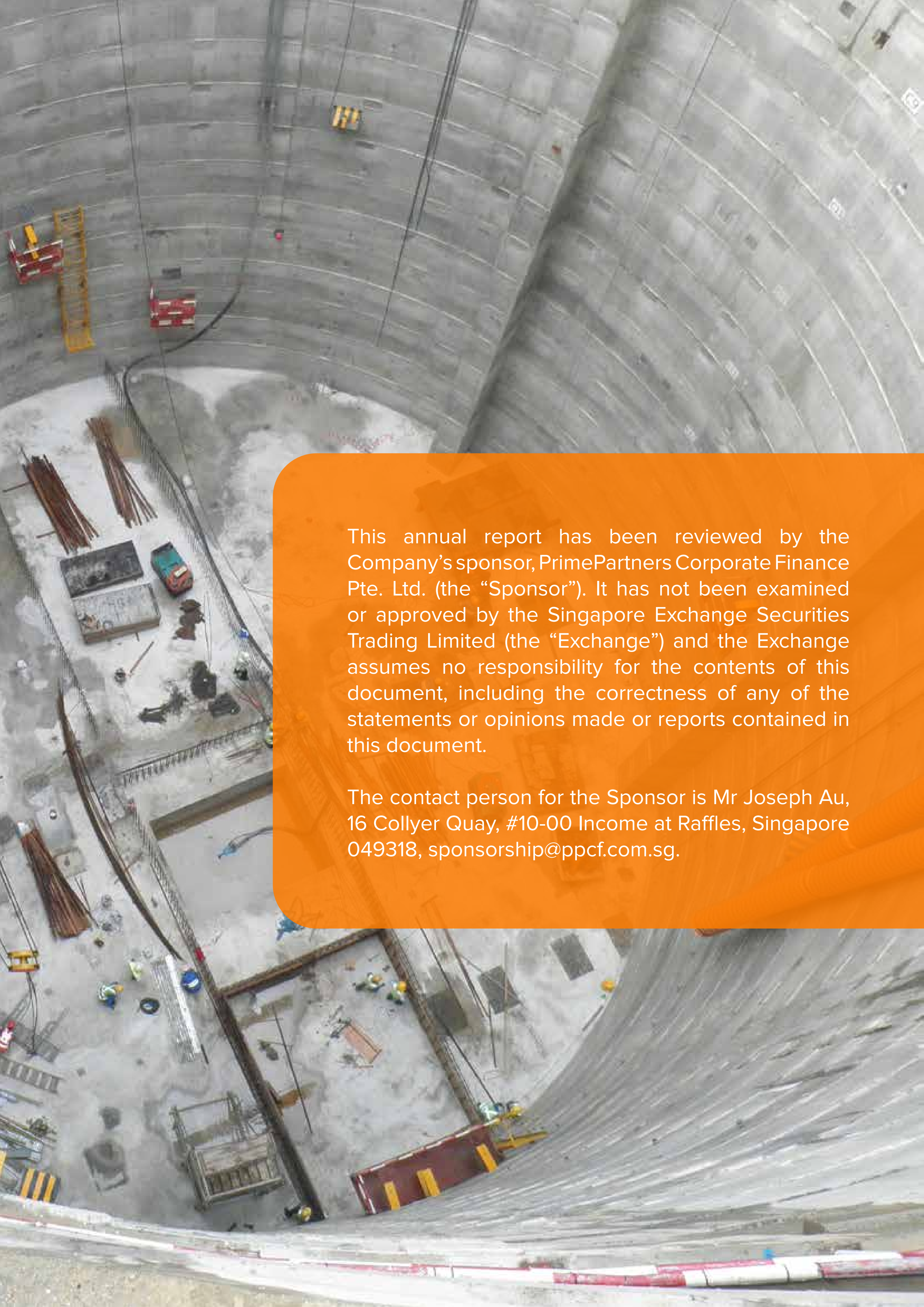
Strengthening Foundations Resilient Growth

Annual Report 2021



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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

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CORPORATE PROFILE

Huationg Global Limited ("Huationg Global" and together with its subsidiaries, the "Group") is principally engaged in the provision of civil engineering services for infrastructure projects and ancillary inland logistics support services. We are also involved in the sale of construction materials such as sand and granite aggregates, recycled concrete aggregate ("RCA") and liquefied soil stabiliser ("LSS").

In FY2021, we have commenced our commercial operation of a 10,400 pax dormitory at Changi East.

VISION

Our vision is to provide value-added integrated solutions in civil engineering to various stakeholders and safely deliver projects on time for our customers. We also strive to enhance growth of our industry by fostering new ideas and innovation, creating long-term value for our stakeholders.

CIVIL ENGINEERING SERVICES

We are registered with Building and Construction Authority of Singapore ("BCA") with the highest BCA grading of A1 in the category of CW02 - Civil Engineering (with unlimited tender value) and B2 in the category of CW01 - General Building (with tender limit up to S$13 million). We provide a full range of civil engineering services from earthworks, infrastructure works, external works, demolition and excavation works, site clearance, drainage works, reinforcing bar installation, formwork, concrete installation, backfill and compaction to final handover. With our comprehensive pool of construction equipment and specialist modular formwork, we are able to undertake concrete construction projects in Singapore. We are engaged in civil engineering works for numerous large infrastructural construction projects in Singapore and our customers in this segment include, among others, the Housing and Development Board, the Land Transport Authority of Singapore, JTC Corporation, Defence Science & Technology Agency, Changi Airport Group, Hyundai Engineering & Construction Co. Ltd and Samsung C&T Corporation.

INLAND LOGISTICS SUPPORT

We provide leasing services for a wide range of construction equipment including articulated dump trucks, rollers, bulldozers, wheel loaders, telescopic clamshell, breakers, tipper trucks, compactors, excavators and concrete pumps.

SALE OF CONSTRUCTION MATERIALS

We sell construction materials such as sand and granite aggregates, RCA and LSS.

The RCA are primarily used to support our own civil engineering activities and depending on prevailing market conditions and demand, also sold to third parties.

We also manufacture and supply LSS, a self-flowable, self-compacting and self-levelling alternative to conventional compacted fill. LSS can be used as non-structural fill for buildings and other structures and for backfill in utility and road construction. Most of the LSS is used to support our civil engineering operations though we do supply them to third parties as and when there is market demand. As we are able to adjust the liquidity and strength of LSS mixtures, we are able to provide customised solutions to meet the different needs of our customers.

APPROVED TRAINING AND TESTING CENTRE

We are the BCA approved training and testing centre to conduct various machinery handling courses and offer test enrolment services. Through the trainings, workers are able to enhance their productivity and quality in the construction industry.

DORMITORY OPERATIONS

We have completed the Design, construction and operation of Changi East worker dormitory village (Coastal Dormitory) which can accommodate 10,400 beds in 2Q2021.

It is a brand-new dormitory with improved living standard complying latest MOM guidelines and BCA Covid-Safe accommodation requirements.

We have commenced the commercial operation of Dormitory since 2Q2021.

CHAIRMAN'S STATEMENT

WE ARE ALSO DELIGHTED TO ANNOUNCE THAT THE GROUP HAS COMPLETED A POST COVID-19 DESIGNED DORMITORY WHICH IS HOUSING 10,400 PAX, WHERE THE MANAGEMENT AND OPERATIONS WILL BE FULLY HANDLED BY OUR GROUP'S SUBSIDIARY IN 2021.

WE EXPECT THIS DORMITORY BUSINESS CONTINUES TO CONTRIBUTE POSITIVELY TO OUR FY2022 RESULTS.

NG HAI LIONG
Executive Chairman

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the annual report for Huationg Global Limited ("Huationg Global" and together with its subsidiaries, the "Group") for the financial year ended 31 December 2021 ("FY2021"). Capitalising on our track record as civil engineering solutions provider, we have managed to scale up our performance during a challenging 2021.

REVIEWING OUR FINANCIAL PERFORMANCE

The Group registered a revenue of S$170.4 million for FY2021, a 46.9% increase compared to FY2020. This is mainly due to resumption of construction activities in FY2021. As a result, our gross profit margin has increased to 13.1% in FY2021 compared to 3.3% in FY2020.

Overall, we recorded a net profit after tax of approximately S$5.2 million in FY2021 compared to a net loss after tax of approximately S$7.4 million in FY2020. Overall, our financial position remains in a strong position with cash and cash equivalents standing at S$10.3 million as at 31 December 2021, compared to S$32.9 million as at 31 December 2020. In view of the uncertain nature of COVID-19 pandemic, the Board strongly believes that cost control is of top priority and has not recommended dividend payment. The adoption of such measures will allow the Group to meet the working capital requirements.

NAVIGATING AHEAD

The Group has resumed most of our construction activities but manpower shortage remains a challenging issue for the construction industry in Singapore in the near term.

The Government announced further easing of border restrictions. In the mid-to-longer term, Singapore's high vaccination rates and steady public sector construction

developments are expected to pave the way towards the recovery of the construction sector and the overall economy. In view of the challenging conditions, the Group will remain operationally and financially prudent to conserve resources and prepare for post pandemic recovery.

Building and Construction Authority (the "BCA") has projected a total construction demand in 2022 to be between S$27 billion and S$32 billion, which will continue to support the construction activity in Singapore. This is supported by the strong pipeline of public housing projects including those under the Home Improvement Programme, as well as healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1).[1]

Amidst the uncertain economic outlook exacerbated by the COVID-19 outbreak in Singapore and regionally, the Group will monitor the macro-economic environment closely and selectively bid for targeted contracts. Our Group has commenced the commercial operation of the 10,400 pax dormitory at Changi. With more and more workers coming into Singapore, we would expect the occupancy rate to increase and continue to contribute positivity to our FY2022 results. The Group will continue to actively explore business opportunities in Singapore.

APPRECIATION

On behalf of the Board, we would like to express our sincere appreciation to our fellow directors for their keen insights, our management and staff for their relentless dedication, commitment and professionalism exhibited in their work.

I would like to take this opportunity to thank all our shareholders, business partners and customers for their sustained confidence and belief in our Group amidst a challenging business environment. With your support, we will be able to further enhance our position in the infrastructure sector and expand our business to new areas in order to deliver long-term value to our stakeholders.

Ng Hai Liong
Executive Chairman

1 BCA media release "Sustained Construction Demand in 2022 Supported by Public Sector Projects", 26 January 2022 (https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects)

OPERATIONAL REVIEW

Projects Overview

Civil engineering services segment continues to drive the Group's main revenue, accounting for S$153.1 million or 89.8% of overall revenue of S$170.4 million in the financial year ended 31 December 2021 ("FY2021"). The Group also recorded revenues of S$12.0 million, S$4.2 million and S$1.1 million from provision of inland logistic support, sale of construction materials and dormitory operation respectively, reflecting a revenue share of 7.0%, 2.5% and 0.7% respectively in FY2021. Some of the key civil engineering projects that contributed toward the Group's revenue in FY2021 included, among others, the following:

- Design, construction and operation of Changi East Workers Dormitory Village
- Temporary infrastructure works and services to support Changi East Development
- Excavation, transport and fill in good earth and clay at certain area of polder construction at Pulau Tekong
- Earthworks at Lim Chu Kang Area
- Earthwork, demolition and associated works for Pasir Ris Wafer Fabrication Park at Pasir Ris Industrial Drive 1 & Loyang Crescent
- Contract 1900 – Advance works for Integrated Train Testing Centre
- External Works at Changi East
- Earthworks for Contract 307 Construction of Marine Parade Station and Tunnels for Thomson- East Coast Line
- Major infrastructural works at Tampines North (Phase 3C) – (A) Construction of Tampines St 64, Tampines North Dr 1 & Tampines North Dr 2; (B) Trunk Sewers in Tampines North (North-part 2); and (C) Construction of Road – related facilities in Tampines North N6
- Construction of PC Yard 1 & 2

In FY2021, the Group secured new projects that are targeted for delivery within the next one to five years. They relate mainly to large public infrastructure projects such as:

- Proposed temporary heavy vehicle park at Gali Batu
- Maintenance and Operation works for Temporary Infrastructure works and Services to support Changi East Development
- Operator to manage and operate the Aggregate Landing Site ("ALS") at Changi East Finger

- Term Contract – Maintenance of Foreshore Structures and Physical Barriers at SPF, ICA and SCDF
- Proposed Coastal Works – Site Clearance, Rocks Processing and Transportation works

The Group will continue to tender for new projects in the public and private sectors as part of its ongoing business operations.

FINANCIAL REVIEW

Group Revenue

The Group's revenue increased by S$54.4 million or 46.9% from S$116.0 million in the financial year ended 31 December 2020 ("FY2020") to S$170.4 million in FY2021 mainly due to a higher level of business activities in our business segments after some easing measures from the Circuit Breaker and Covid-19 safety measures in FY2021.

Operating Costs and Expenses

Cost of sales and services increased by approximately S$36.0 million or 32.1% from S$112.1 million in FY2020 to S$148.1 million in FY2021 which is in line with an increase in revenue due to a higher level of business activities in our business segment recorded during the year.

Depreciation expenses decreased by approximately S$1.5 million or 7.5% from S$20.1 million in FY2020 to S$18.6 million in FY2021. The decrease was mainly due to a net effect from disposal of plant and equipment and certain plant and equipment has been fully depreciated in FY2021.

Profit

The Group recorded a gross profit of S$22.3 million in FY2021 as compared to a gross profit of S$3.8 million in FY2020, mainly due to higher revenue recorded in FY2021.

The Group recorded a profit of S$1.0 million from the share of profit of a joint venture company in FY2021 as compared to a share of profit of a joint venture company of S$0.9 million in FY2020.

Overall, the Group recorded a profit before income tax and net profit attributable to owners of the parent of approximately S$5.4 million and S$5.3 million respectively in FY2021.

Financial Position

As at 31 December 2021, the Group had cash and cash equivalents of S$10.3 million and equity attributable to owners of the parent of S$73.1 million.

The Group's total assets decreased by approximately S$45.4 million to S$226.7 million as at 31 December 2021, compared to S$272.1 million as at 31 December 2020.

As at 31 December 2021, the Group recorded a total of S$42.3 million Property, plant and equipment ("PPE") as compared to S$38.0 million as at 31 December 2020. The increase in PPE of approximately S$4.3 million or 11.3% was mainly due to the net effect of additions of PPE of S$6.0 million, a net reclassification of S$10.2 million from Right-of-use assets ("ROU") to PPE due to full settlement of hire purchase and a gain from revaluation of a leasehold property of S$0.6 million, partially offset by the depreciation charge of S$8.3 million and a net reclassification of S$4.2 million from PPE to ROU assets upon obtaining financing through leases in FY2021.

As at 31 December 2021, the Group had a total S$54.2 million ROU assets as compared to S$69.8 million as at 31 December 2020. The decrease in ROU assets of approximately S$15.6 million or 22.3% was mainly due to the depreciation charge of approximately S$10.3 million, a net reclassification of S$10.2 million from ROU assets to PPE due to full settlement of hire purchase, a modification to lease term which lead to a deduction of carrying amount of ROU assets of approximately S$2.2 million resulted from lease modifications, partially offset by a net effect of a reclassification from PPE upon obtaining financing through leases of S$4.2 million and an addition of ROU assets amounting to S$2.9 million in FY2021.

As at 31 December 2021, the Group's financial assets at FVTPL amounted to S$5.7 million as compared to S$5.4 million as at 31 December 2020. The increase of approximately S$0.3 million or 5.6% was mainly due to an unrealized foreign exchange gain and a fair value gain of the financial assets during the financial year.

As at 31 December 2021, the Group's investment in a joint venture increased to S$1.7 million as compared to S$0.7 million as at 31 December 2020. The increase of approximately S$1.0 million or 142.9% was mainly due to more work been executed and recognized during the financial year.

Contract assets increased by approximately S$3.5 million or 4.8% from S$72.5 million as at 31 December 2020 to S$76.0 million as at 31 December 2021 mainly due to certain work executed but pending billing in FY2021.

Financial assets at FVOCI increased by S$46,000 or 5.9% from S$783,000 as at 31 December 2020 to S$829,000 as at 31 December 2021.

Inventory increased by approximately S$0.1 million or 7.7% from S$1.3 million as at 31 December 2020 to S$1.4 million as at 31 December 2021. The marginal increase was mainly due to purchase of construction materials, hardware parts and consumables for our projects' usage.

Trade and other receivables decreased by approximately S$14.3 million or 31.3% from S$45.7 million as at 31 December 2020 to S$31.4 million as at 31 December 2021. The decrease was in line with the increase in contract assets in FY2021.

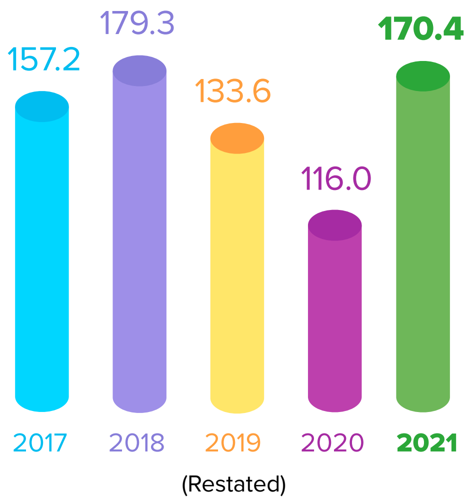
Cash and cash equivalents decreased by approximately S$22.6 million or 68.7% from S$32.9 million as at 31 December 2020 to S$10.3 million as at 31 December 2021. The decrease was mainly due to the net cash used in financing activities, which included repayments of bank borrowings of approximately S$39.9 million, a net cash used in investing activities of S$1.5 million and partially offset by the cash generated from operating activities of S$18.8 million.

The Group's total liabilities decreased by S$53.5 million to S$154.6 million as at 31 December 2021 compared to S$208.1 million as at 31 December 2020. This was attributable largely to the decreased in contract liabilities of S$6.9 million, trade and other payables of S$11.7 million, lease liabilities of S$12.5 million, bank borrowings of S$21.6 million, deferred income of S$1.0 million and deferred tax liabilities of S$0.4 million, partially offset by an increased in current income tax payable of S$0.7 million.

The Group posted a positive working capital of approximately S$23.3 million as at 31 December 2021.

FINANCIAL HIGHLIGHTS

REVENUE (S$ Million)



NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (S$ Million)

BOARD OF DIRECTORS

MR NG HAI LIONG
Executive Chairman

Date of first appointment as a director:
1 August 2014

Date of appointment as Chairman:
1 August 2014

Date of last re-election as a director:
19 June 2020

Mr Ng Hai Liong has more than 45 years of experience in the civil engineering construction industry and has been instrumental in the development and growth of the Group's business. He established Huationg Contractor in 1980 and is responsible for managing our Company's civil engineering projects and securing overseas projects. Mr Ng continues to oversee the strategic positioning and business development of the Group.

Academic & Professional Qualification:
Higher School Certificate

Present Directorships in other listed companies:
Nil

Past Directorship in other listed companies held over the preceding three years:
Nil

Other principal commitments:
Directorship in the Group's subsidiaries

MR NG KIAN ANN PATRICK
Executive Director & Chief Executive Officer

Date of first appointment as a director:
1 August 2014

Date of last re-election as a director:
14 June 2019

Mr Ng Kian Ann Patrick has more than 20 years of experience in the civil engineering construction industry. He is responsible for the overall management, strategic planning and oversees the business expansion of the Group.

Academic & Professional Qualification:
Bachelor's Degree in Engineering (First Class Honours), University of London, United Kingdom

Present Directorships in other listed companies:
Nil

Past Directorship in other listed companies held over the preceding three years:
Nil

Other principal commitments:
Directorship in the Group's subsidiaries

MR NG KIAN YEOW, VINCENT
Executive Director & Chief Operating Officer

Date of first appointment as a director:
11 November 2014

Date of last re-election as a director:
29 April 2021

Mr Ng Kian Yeow, Vincent has more than 19 years of experience in the civil engineering construction industry. He oversees project management & operations with strategic execution for timely completion.

Academic & Professional Qualification:
Bachelor's Degree in Applied Science Construction Management and Economics, Curtin University of Technology, Australia

Present Directorships in other listed companies:
Nil

Past Directorship in other listed companies held over the preceding three years:
Nil

Other principal commitments:
Directorship in the Group's subsidiaries

MR YUEN SOU WAI
Lead Independent Director
Chairman, Audit Committee
Member, Nominating Committee & Remuneration Committee

Date of first appointment as a director:
11 November 2014

Date of last re-election as a director:
29 April 2021

Mr Yuen has more than 38 years of broad-based financial management experiences in various large local and global multinational companies. He has held several senior financial positions including chief financial officer, regional finance director and group controller in the Asia Pacific region.

Academic & Professional Qualification:
Master of Business Administration, University of Leicester, United Kingdom

Fellow - Chartered Institute of Management Accountants of the United Kingdom

Fellow - Institute of Singapore Chartered Accountants

Member - Singapore Institute of Directors.

Past Directorship in other listed companies held over the preceding three years:
Libra Group Limited, Chew's Group Limited

YHI International Limited

Other principal commitments:
Nil

BOARD OF DIRECTORS

MR CHEANG YOU KONG
Independent Director
Chairman, Remuneration Committee
Member, Audit Committee & Nominating Committee

Date of first appointment as a director:
9 November 2020

Date of last re-election as a director:
29 April 2021

Mr Cheang has more than 35 years of experience in the construction industry. He is presently a director in Lxyin Enterprise Pte Ltd where he is responsible for business and strategic development. He is also a director in Consulting Advising & Managing Pte Ltd where he provides technical consultancy services in relation to civil engineering and building materials, and a project director in Xinsha Holding Pte Ltd. He was an executive director of Hock Lian Seng Holdings Limited from 2009 to 2011, and has previously held several positions including director, deputy general manager and project manager in construction firms in Singapore.

Academic & Professional Qualification:
Bachelor's Degree in Civil Engineering, National University of Singapore

Diploma in Business Administration, Singapore Institute of Management

Present Directorships in other listed companies:
Nil

Past Directorship in other listed companies held over the preceding three years:
Nil

Other principal commitments (other than Directorship):
Lxyin Enterprise Pte Ltd (Director, Business & Strategic Development)

Consulting Advising & Managing Pte Ltd (Director)

Xinsha Holding Pte Ltd (Project Director)

Char Yong (Dabu) Foundation Limited (Director)

MR WEE HENG YI, ADRIAN
Independent Director
Chairman Nominating Committee
Member, Audit Committee & Remuneration Committee

Date of first appointment as a director:
11 November 2014

Date of last re-election as a director:
19 June 2020

Mr Wee began his career in Harry Elias Partnership LLP's civil and commercial litigation practice group in 2004. He left Harry Elias Partnership LLP in 2008 to join Characterist LLC as a director, and presently heads the criminal defence and advocacy practice group. Mr Wee's current practice areas are civil and commercial litigation and criminal defence.

Academic & Professional Qualification:
Bachelor of Laws (Honours), National University of Singapore

Member - ASEAN Law Association and the Law Society of Singapore.

Present Directorships in other listed companies:
Nil

Past Directorship in other listed companies held over the preceding three years:
Pine Capital Group Limited

Other principal commitments (other than Directorship):
Characterist LLC (Director)

MR GOH TUCK PENG
Chief Financial Officer

Mr. Goh Tuck Peng is the Chief Financial Officer (the "CFO") of the Company and is responsible for the overall Group's financial and accounting matters and its compliance with financial reporting and regulatory requirements.

Mr. Goh Tuck Peng has more than 20 years of experience in audit, accounting, compliance and financial management. Prior to joining the Group, he served in various financial roles, beginning with Qianhu Corporation Limited, Guangzhou as a Finance and Administrative Manager from February 2003 to February 2005. He was subsequently the Group Financial Manager of Shanghai Asia Holdings Limited from March 2005 to May 2007, the CFO of Zhongguo Pengjie Fabrics Limited from July 2007 to September 2007 and the CFO of Zhejiang Red Sun Wool Technology Ltd from January 2008 to January 2009.

In 2009, he joined CCM Group Limited as the Financial Controller and was promoted to the company's CFO in January 2012. He then joined the Company as its Financial Controller in April 2014 and assisted with its listing on the Catalist Board of SGX-ST. From 2016 to 2018, Mr. Goh Tuck Peng later assisted, in his capacity as the CFO, in the reserve takeover of Terratech Group Limited and the listing of Capital City Group on the Catalist Board of SGX-ST.

Mr. Goh Tuck Peng holds an Affiliate Certificate from the Association of Chartered Certified Accountants and has been a member of the Institute of Singapore Chartered Accountants since 2001.

MS HENG YANN SYIN
Head of Contracts

Ms Heng Yann Syin, is our Head of Contracts. Ms Heng joined our Group in 2002 as an Assistant Quantity Surveyor before being promoted as a Contract Administrator in 2004 and then as Senior Contract Administrator, Head of Department in 2012. In 2019, Ms Heng was promoted to Head of Contracts. Ms Heng oversees our contract department and is in charge of project tendering and procurement of projects.

Ms Heng graduated from Ngee Ann Polytechnic, Singapore, with a Diploma in Civil and Environmental Engineering in 2002.

CORPORATE STRUCTURE

HUATIONG Global

- **100%** — **Soil Engineering Pte. Ltd.**
  Supply of construction materials
- **100%** — **Huationg Contractor Pte Ltd**
  Provision of civil engineering services and inland construction logistics support
  - **100%** — **Banyan Capital Pte. Ltd.**
    General contractors and other investment holding company
    - **33.3%** — **Golden Empire-Huationg Pte. Ltd.**
      Civil engineering and mixed construction and land reclamation works
- **75%** — **HT Equipment Pte. Ltd.**
  Provision of industrial machinery and equipment rental services
- **100%** — **Changi East Dorm Private Limited**
  Provision of dormitory operating services
  - **51%** — **Changi East Dorm Dwall Private Limited**
    Provision of dormitory operating services

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Hai Liong (Executive Chairman)
Ng Kian Ann Patrick (Chief Executive Officer and Executive Director)
Ng Kian Yeow, Vincent (Chief Operating Officer and Executive Director)
Yuen Sou Wai (Lead Independent Director)
Cheang You Kong (Independent Director)
Wee Heng Yi, Adrian (Independent Director)

COMPANY SECRETARY

Gn Jong Yuh Gwendolyn

REGISTERED OFFICE

9 Benoi Crescent
Singapore 629972
Tel: (65) 6366 5005
Fax: (65) 6368 1391

SPONSOR

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16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

AUDITORS

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

Partner-in-charge: Lim Kok Heng
(a practising member of the Institute of Singapore Chartered Accountants)
(Appointed since the financial year ended 31 December 2020)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

PRINCIPAL BANKERS

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

CIMB Bank Berhad
50 Raffles Place
#01-02 Singapore Land Tower
Singapore 048623

FINANCIAL CONTENTS

The Board of Directors (the "**Board**") and the management (the "**Management**") of Huationg Global Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems 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 and provisions of the Code of Corporate Governance 2018 (the "**2018 Code**"), the practice guidance issued by the Monetary Authority of Singapore (the "**MAS**") in August 2018 (the "**Practice Guidance**") and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). In line with the 2018 Code and the requirements under Catalist Rules, the Board hereby confirms that the Company has adhered to the principles and provisions of the 2018 Code and the Practice Guidance, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the 2018 Code and/or the Practice Guidance.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1	<u>Principal Duties of the Board</u> Directors have objectively discharged their duties and responsibilities as fiduciaries in the best interests of the Company and have held Management accountable for performance during FY2021. The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board. The Board oversees the corporate policy and overall strategy for the Group. In addition to the aforementioned and its statutory and fiduciary duties, the Board's principal functions include: • Overseeing the overall long-term strategic plans and directions including considering sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group; • Reviewing the operational and financial performance of the Group including reviewing the performance of the Management; • Approving half yearly and full year financial results announcements, circulars and audited financial statements and annual reports; • Approving changes in the composition of the Board; • Overseeing and safeguarding shareholders' interest and Company's assets through a robust system of effective internal controls, risk management, financial reporting and compliance; • Overseeing and enhancing corporate governance and practices within the Group; • Dealing with matters such as conflict of interest issues relating to Directors and substantial shareholders, major acquisitions and disposals of material assets, dividend and other distributions to shareholders, and those transactions or matters which require Board's approval under the provisions of the Catalist Rules, or any applicable regulations;

	• Appointing the senior management, approving the policies and guidelines for the Board and senior management executives' remuneration, in addition to approving the appointment of new Directors; • Identifying key stakeholder groups and recognizing that their perceptions affect the Company's reputation; and • Setting the Company's values and standards (including ethical standards) and ensuring that obligations to Shareholders and other stakeholders are understood and met. The Board has put in place a code of conduct and ethics, which sets out a code of conduct and ethical standards for Directors and staff to adhere to, and sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors who face a conflict of interest recuse themselves from discussions and decisions involving the issues of conflict.
Provision 1.2 Catalist Rule 406(3)(a)	<u>Induction of Directors</u> Directors understand the Company's business as well as their directorship duties, and have appropriate experience and expertise to manage the Group's business. Upon appointment, the Director will receive a letter of appointment setting out their duties and responsibilities. All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, newly appointed Directors will be given briefings and orientation by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. Where a new Director has no prior experience as a director of an issuer listed on the SGX-ST, he will undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. If the Nominating Committee (the "**NC**") is of the view that training is not required because the Director has other relevant experience, the basis of the NC's assessment will be disclosed. There were no new directors appointed in FY2021. <u>Training and development of Directors</u> Directors are encouraged to join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company also encourages Directors to attend courses in areas of Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act 1967 ("**Companies Act**") and industry-related matters, to develop themselves professionally, at the Company's expense. Briefings, updates and trainings for the Directors during FY2021 included: • CTP 9 – Executive and Director Remuneration (Online); • ACRA-SGX-SID Audit Committee Seminar 2021 (Online); and • SID Directors Conference 2021 (Online).

	From time to time, and through Board meetings and other meetings, both formal and informal, our Chief Executive Officer ("**CEO**") has been advising our Directors of the relevant new laws and regulations affecting the Group, and the changing commercial and business risks faced by our Group. The Directors are also updated regularly with changes to the Catalist Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. News releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Directors. The external auditors also update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company and/or the Group.
Provision 1.3	<u>Board Approval</u> The Group has adopted internal guidelines governing matters that require the Board's approval and clearly communicates this to the Management in writing. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific members of the key management via a structured Delegation of Authority matrix, which is reviewed on a regular basis and accordingly revised when necessary. Matters that require the Board's approval include, among others, the following: • corporate strategy and business plans; • material acquisitions and disposals of assets; • corporate or financial restructuring; • share issuances, declaration of dividends and other returns to shareholders; • changes in the composition of the Board; • budgets, circulars, financial results announcements, annual report and audited financial statements; and • matters which require Board approval as specified under SGX-ST's interested person transaction policy.

Provision 1.4 Catalist Rule 1204(10B)	<u>Board Committees</u> The Board has delegated certain responsibilities to the Audit Committee ("**AC**"), the Remuneration Committee ("**RC**") and the NC (collectively, the "**Board Committees**"). The compositions of the Board Committees are as follows:

	AC	NC	RC
Yuen Sou Wai (Non-executive / Independent)	Chairman	Member	Member
Cheang You Kong (Non-executive / Independent)	Member	Member	Chairman
Wee Heng Yi, Adrian (Non-executive / Independent)	Member	Chairman	Member
Ng Kian Ann Patrick (Executive)	–	Member	–

The Board Committees operate within clearly defined written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The Board Committees play an important role in ensuring good corporate governance in the Company and within the Group. The written terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

<u>Risk Committee</u>

The Risk Committee comprises Mr Ng Kian Ann Patrick as the Chairman and Mr Yuen Sou Wai, Mr Cheang You Kong and Mr Wee Heng Yi, Adrian as members. The Chief Financial Officer of the Group ("**CFO**") is appointed as the Chief Risk Officer ("**CRO**"). The Risk Committee operates within clearly defined written terms of reference setting out its compositions, authorities and duties. Half-yearly, at the AC meeting, the CRO, with the assistance of Internal Auditors, will present matters in relation to enterprise risk management ("**ERM**") to the Risk Committee for discussion following internal ERM meetings which the CRO will hold with the sub-committee comprising key management personnel at the operational level.

Further details of the AC, NC and RC are set out below:

(i) Nominating Committee (Principle 4);

(ii) Remuneration Committee (Principle 6); and

(iii) Audit Committee (Principle 10).

Provision 1.5

Board Meetings and Attendance

The Board meets on a half-yearly basis, and as and when circumstances require to approve matters relating to announcements of, among others, financial results, annual report, material acquisitions and disposals of assets. At the meetings of the Board and Board Committees, Directors actively participate and are free to discuss and openly challenge the views presented by the Management and the other Directors.

In FY2021, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.

	Board	**AC**	**NC**	**RC**
Number of meetings held	**2**	**2**	**1**	**1**
Name of Director	**Number of Meetings Attended**			
Mr Ng Hai Liong	2	2*	1*	1*
Mr Ng Kian Ann Patrick	2	2*	1	1*
Mr Ng Kian Yeow, Vincent	2	2*	1*	1*
Mr Yuen Sou Wai	2	2	1	1
Mr Wee Heng Yi, Adrian	1	1	1	1
Mr Cheang You Kong	2	2	1	1

** By invitation*

Directors with multiple board representations have ensured that sufficient time and attention were given to the affairs of the Company during FY2021.

Provision 1.6

Access to Information

The Management provides Directors with complete, adequate and timely information prior to Board and Board Committee meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Directors are regularly updated by the Management on the developments within the Group and are supplied with such other information so that they are equipped to participate fully at Board and Board Committee meetings.

Provision 1.7

Access to Management and Company Secretary

Directors have separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the Company's expense.

The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:

- ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act 2001 of Singapore, the Companies Act and the Catalist Rules, are complied with;

- assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value;

- assisting the Chairman to ensure good information flows within the Board and its committees and key management personnel. In facilitation of this, all Board members are given the names and contact details of the Company's senior management and the Company Secretary to facilitate direct, separate and independent access;

	• training, designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • attends and prepares minutes for all Board meetings; • as secretary to all the other Board Committees, assisting to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and • assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provisions 2.1 & 4.4 Catalist Rule 406(3)(d)	<u>Independent Directors</u> As at the date of this Corporate Governance report, the three (3) Independent Directors of the Company comprise Mr Yuen Sou Wai, Mr Cheang You Kong and Mr Wee Heng Yi, Adrian. Mr Yuen Sou Wai is the Lead Independent Director of the Company and makes himself available to Shareholders at the Company's annual general meeting. The independence of each Director is reviewed annually by the NC, in accordance with the 2018 Code, the Practice Guidance and the Catalist Rules. The Board and the NC considers an Independent Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company, in accordance with Provision 2.1 of the 2018 Code. In determining the independence of the Independent Directors, the Board and the NC also takes into account Catalist Rule 406(3)(d). Pursuant to Catalist Rules 406(3)(d), the Board and the NC consider that a Director is not independent under any of the following circumstances: (i) if he is employed by the Company or any of its related corporations for the current or any of the past three financial years; (ii) if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC; and (iii) if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the listing applicant, and associates of such directors and chief executive officer. In addition, the NC reviews the individual Directors' declaration in their assessment of independence. The Board, with the recommendation and concurrence of the NC, has reviewed and determined that the Independent Directors are independent. Based on the confirmations provided by the independent directors, none of the Independent Directors had any existing relationships with the Company, its related corporations, its substantial shareholders or its officers as set out in the 2018 Code which may affect their independence.

Provision 2.2 & 2.3	The Company had, in its corporate governance report for the financial year ended 31 December 2020, disclosed that *"the Company will endeavour to comply with Provision 2.3 of the 2018 Code for the financial year ending 31 December 2021. Instead of appointing an additional Non-Executive Directors, the Company is currently re-assessing and making arrangements for an internal re-structuring and re-constitution of the Board, having regard to Provision 2.3 of the 2018 Code, so that Non-Executive Directors make up a majority of the Board. The Company will, in compliance with the relevant requirements under the Catalist Rules, make further announcements to update shareholders on the re-constitution of the Board in due course."*. The Board reviewed the Board composition and is of the view that while the Executive Chairman, Mr Ng Hai Liong, is not independent and Independent Directors do not make up a majority of the Board as required under Provision 2.2 of the 2018 Code, Independent Directors make up half of the Board comprising 3 Independent Directors and 3 Executive Directors. Furthermore, the Board firmly believes that Mr Ng Hai Liong's experience and expertise is invaluable in guiding the Company in this exceptional business environment. While Non-Executive Directors do not make a majority of the Board as required under Provision 2.3 of the 2018 Code, the Board believes that its current Board size and the existing composition of the Board Committees effectively serves the Group and its business needs. The Non-Executive Directors, who are also Independent Directors, chair the respective Board Committees and are from diverse backgrounds such as accounting, finance, legal, corporate governance and engineering. The Lead Independent Non-Executive Director, Mr Yuen Sou Wai, plays a facilitative role in providing leadership in situations where the Chairman is conflicted. In view of the above, the Board is of the opinion that there is an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. Accordingly, the Board believes that the existing Board composition and the Company's practices are consistent with the intent of Principle 2 of the 2018 Code, in accordance with Catalist Rule 710. Notwithstanding the above, to illustrate its commitment to sound corporate governance procedure and practices, the Board will seek for an appropriate candidate to be appointed as an independent director.
Catalist Rule 406(3)(c)	There are at least two Non-Executive Directors who are independent and free of any material business and financial connection with the Company and at least one-third of the Board comprise of Independent Directors.

<table>
<tr>
<td>Provision 2.4
Catalist Rule
1204(10B)</td>
<td>

Board Composition

As at the date of this Corporate Governance Report, the Board comprises of three (3) Executive Directors and three (3) Independent Directors. The key information of the Directors is set out as follows:

Name of Director	Designation
Mr Ng Hai Liong	Executive Chairman
Nr Ng Kian Ann Patrick	Executive Director and Chief Executive Officer ("**CEO**")
Mr Ng Kian Yeow, Vincent	Executive Director and Chief Operating Officer ("**COO**")
Mr Yuen Sou Wai	Lead Independent Director
Mr Cheang You Kong	Independent Director
Mr Wee Heng Yi, Adrian	Independent Director

Board Composition and Diversity

The Board and Board Committees are of an appropriate size, and comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as age, so as to avoid groupthink and foster constructive debate.

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.

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 a regular basis to ensure that the Board dynamics remain optimal.

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.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Core Competencies	Number of Directors	Proportion of Board
Accounting or finance	2	33%
Project management	4	67%
Legal or corporate governance	2	33%
Engineering	4	67%
Strategic planning experience	6	100%
Customer based experience or knowledge	6	100%

The Board has taken the following steps to maintain or enhance its balance and diversity:

- 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

- annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise and diversity which is lacking by the Board.

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.

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Provision 2.5	Meeting of Independent Directors without Management The Independent Directors, led by the Lead Independent Director, met once without the presence of key management personnel in FY2021. The Lead Independent Director provided feedback to the Board and/or Chairman as appropriate.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions 3.1 & 3.2	Role of Chairman and the CEO Mr Ng Hai Liong is the Chairman of the Board and an Executive Director. Mr Ng Kian Ann Patrick is the CEO and an Executive Director. The roles of the Chairman and CEO in the Company are separate, to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. The CEO has the executive responsibility for the day-to-day operations of the Group whilst the Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with the CEO and fellow Directors and other executives, and if warranted, with professional advisors. The Chairman also ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He assumes the lead role in promoting high standards of corporate governance processes as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of Non-Executive Directors and Independent Directors during the Board meetings, as well as effective communication with shareholders. The Board has established and set out in writing the division of responsibilities between the Chairman and CEO.
Catalist Rule 1204(10A)	The Chairman, Mr Ng Hai Liong, is the father of the CEO, Mr Ng Kian Ann Patrick. Notwithstanding that the familial relationship between the Chairman and CEO, the Board is satisfied that there is sufficient transparency and accountability in view of the distinction of responsibilities and the strong independent element on the Board.
Provision 3.3	Appointment of Lead Independent Director The Board has a Lead Independent Director, Mr Yuen Sou Wai, to provide leadership in situations where the Chairman is conflicted. The Lead Independent Director attended the annual general meeting held in FY2021 and made himself available to Shareholders.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

<table>
<tr><td>Provision 4.1

Catalist Rule 406(3)(e)</td><td><u>Role of the NC</u>

The NC is guided by written terms of reference, which include the following:

(a) reviewing and approving any new employment of related persons and the proposed terms of their employment;

(b) nominating and re-nominating of Directors for re-election in accordance with the Constitution of the Company at each annual general meeting and having regard to the Director's contribution and performance;

(c) determining annually, and as and when required, whether or not a Director of the Company is independent;

(d) deciding whether or not a Director of the Company is able to and has been adequately carrying out his duties as a Director, considering issues including the Director's competencies, commitment, contribution and performance;

(e) deciding how our Board's performance may be evaluated and propose objective performance criteria, as approved by our Board that allows comparison with its industry peers, and address how our Board has enhanced long-term Shareholders' value;

(f) recommending and reviewing board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel; and

(g) recommending training and professional development programs for the Board.</td></tr>
<tr><td>Provision 4.2</td><td><u>NC Composition</u>

The NC comprises four (4) Directors, of whom three (3) are Independent Directors. The Lead Independent Director is one of the members of the NC.

Please refer to Provision 1.4 above on the names of the members and the composition of the NC.</td></tr>
<tr><td>Provision 4.3</td><td><u>Process for Selection, Appointment and Re-appointment of Directors</u>

The process for the selection, appointment and re-appointment of Directors takes into consideration the composition and progressive renewal of the Board, as well as each Director's competencies, commitment, contribution and performance.

The Company's process for the selection and appointment of Directors to the Board are set out below:

<table>
<tr><td>1.</td><td>Determination of selection criteria</td><td>The NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings and which could benefit the Board, taking into account the current needs of the Board in terms of skills, experience, gender and knowledge to complement and strengthen the Board and increase its diversity.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of Director</td><td>The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
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<td></td>
<td>The Company's process for the assessment and re-appointment of Directors to the Board are set out below:
<table>
<tr><td>1.</td><td>Assessment of Director</td><td>The NC would assess the performance of the Director in accordance with the performance criteria set by the Board and consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of Director</td><td>Subject to the NC's satisfactory assessment of their overall contributions and performance, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</td></tr>
</table>
</td>
</tr>
<tr>
<td>Provision 4.4

Catalist Rule 720(4)</td>
<td>Pursuant to Regulation 117 of the Company's Constitution, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third with a minimum of one) shall retire from office by rotation.

The Board, with the recommendation of the NC, have nominated Mr Ng Kian Ann Patrick and Mr Wee Heng Yi, Adrian for re-election at the forthcoming AGM. Any member of the NC who is interested in the discussion had abstained from the deliberations.

The Directors who are retiring pursuant to Regulation 117 of the Company's Constitution at the forthcoming AGM are:

(i) Mr Ng Kian Ann Patrick; and
(ii) Mr Wee Heng Yi, Adrian

Mr Ng Kian Ann Patrick and Mr Wee Heng Yi, Adrian, being eligible, have given consent to submit themselves for re-election at the forthcoming AGM.

All Directors, have submitted themselves for re-nomination and re-election at least once every three (3) years.

Mr Ng Kian Ann Patrick will upon re-appointment as a Director of the Company, remain as an Executive Director of the Company. Mr Ng Kian Ann Patrick is deemed interested in the 121,759,600 ordinary shares (or 69.031%) of the Company held by Dandelion Capital Pte. Ltd. ("Dandelion") by virtue of his 25% shareholding in Dandelion. He is the son of Mr Ng Hai Liong, the Company's Executive Director and the brother of Mr Ng Kian Yeow, Vincent, who is the Company's Executive Director and Chief Operating Officer.

Mr Wee Heng Yi, Adrian will upon re-appointment as a Director of the Company, remain as an Independent Director, Chairman of the NC, member of the AC and RC.

For good corporate governance, Mr Ng Kian Ann Patrick and Mr Wee Heng Yi, Adrian, who are retiring at the AGM, abstained from voting at the relevant Board meeting on the respective resolutions recommending their re-election to be tabled for shareholders' approval.</td>
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<table>
<tr><td>Provision 4.5</td><td><u>Directors’ Time Commitments</u>

There were no new directors appointed during FY2021.

The NC has reviewed whether a Director is able to and has been adequately carrying out his duties as a Director of the Company.

The considerations in assessing the capacity of Directors include the following:

• expected and/or competing time commitments of Directors;

• geographical location of Directors;

• size and composition of the Board; and

• nature and scope of the Group’s operations and size.

The NC has reviewed the time spent and attention given by each of the Directors to the Company’s affairs, and is satisfied that all Directors have discharged their duties adequately for FY2021.

Please refer to Board of Directors section for key information on the directorships and principal commitments of each Director.

In FY2021, the Board did not set a maximum number of directorships given that all Independent Directors were able to dedicate their time to the business of the Company and that the multiple board representations held by Directors of the Company did not impede their performance in carrying out their duties to the Company.

The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:

• declarations by individual Directors of their other listed company board directorships and principal commitments; and

• annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company’s affairs, having regard to his other commitments.

Nevertheless, if the NC finds that time commitment is lacking from any particular Director, the NC may consider imposing a maximum number of directorships to be held by each Director in future.</td></tr>
</table>

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

<table>
<tr><td>Provision 5.1</td><td><u>Board Evaluation Process</u>

The NC is tasked with the assessment of the Board’s performance, and reviews and evaluates the performance of the Board as a whole, each Board Committee, the contribution by the Chairman and each individual Director on an annual basis. The NC also recommends for the Board’s approval the objective performance criteria and process for the abovementioned evaluation. The evaluation is conducted annually to identify areas of improvement and as a form of good Board practices.</td></tr>
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<table>
<tr><td>Provision 5.2</td><td>

<u>Board Evaluation Criteria</u>

The performance criteria, as recommended by the NC and approved by the Board, is set out below:

<table>
<tr><th>Performance Criteria</th><th>Board and Board Committees</th><th>Individual Directors</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition
2. Access to information
3. Board processes
4. Strategic planning
5. Board accountability
6. Risk management</td><td>1. Commitment of time
2. Knowledge and abilities
3. Teamwork
4. Contribution and performance at Board and Board Committee meetings
5. Independence (if applicable)
6. Overall effectiveness</td></tr>
<tr><td>Quantitative</td><td>1. Performance of the Company's share price over a one-year period vis-à-vis the Singapore Straits Time Index and a benchmark of the Company's industry peers
2. Return on equity
3. Return on Assets</td><td>1. Attendance at Board and Board Committee meetings</td></tr>
</table>

The NC would review the criteria on a periodic basis 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 propose amendments if any, to the Board for approval.

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, the Group's principal business activities remained relatively the same since FY2020.

<u>Board Evaluation Process</u>

The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually.

For FY2021, the review process was as follows:

- all Directors collectively as a whole completed a Board evaluation questionnaire on the effectiveness of the Board and the Board Committees based on criteria disclosed in the table above;
- all Directors completed the individual directors' evaluation form and presented it to the NC Chairman; and
- the NC discussed the Board evaluation and individual Directors evaluation and concluded the performance results during the NC meeting.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.

The NC, having reviewed the overall performance of the Board, Board Committees and each individual Director, is of the view that the Board and its Board Committees operate effectively and each director has contributed to the overall effectiveness of the Board.

No external facilitator was used in the evaluation process for FY2021.

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PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions 6.1 & 6.3 Catalist Rule 406(3)(e)	Role of the RC The RC is guided by written terms of reference to review and provide recommendations to the Board on the following: (a) review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel; (b) review and approve the quantum of the bonus of the Executive Directors and CEO; (c) review and submit its recommendations for endorsement by the Board, share-based incentives or awards or any long-term incentive schemes such as the Huationg Employee Share Option Scheme ("**ESOS**") and the Huationg Performance Share Plan ("**PSP**"), in particular to review whether Directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith; (d) to function as the committee referred to in the ESOS and PSP and have all powers as set out in the ESOS and PSP; (e) review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and (f) review and recommend to the Board all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, remuneration of senior management and employees related to the Directors (if any), options and benefits-in-kind.
Provision 6.2	RC Composition The RC comprises three (3) Directors, of which all are Non-Executive and Independent Directors. Please refer to Provision 1.4 above on the names of the members and the composition of the RC.
Provision 6.4	No remuneration consultants were engaged by the Company in FY2021.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company.

Provision 7.1	Remuneration of Executive Directors and key management personnel The RC has structured remuneration packages for Executive Directors and key management personnel to take into account performance related indicators, which include financial and non-financial factors. A significant and appropriate proportion of the remuneration is structured to link rewards to the Company's and individual's performance. The remuneration policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market. The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors 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 performance of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.
Provision 7.2	Remuneration of Non-Executive and Independent Directors The remuneration of Non-Executive and Independent Directors is appropriate to the level of contribution, taking into account factors such as credentials, qualifications, experience, effort, time spent and responsibilities and contribution to the Board. Their remuneration is subject to shareholders' approval at the AGM. Directors' fees are recommended by the Board and are subject to the approval of Shareholders at the forthcoming AGM. The Non-Executive and Independent Directors shall not be overcompensated to the extent that their independence may be compromised.
Provision 7.3	The remuneration framework for Directors and key management personnel is aligned with the interests of the shareholders and other relevant stakeholders and appropriate to attract, retain and motivate them to provide good stewardship of the Company for the long-term success of the Company.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1

Remuneration of Directors

The breakdown for the remuneration of the Directors for FY2021 are as follows (No Director or any of his associates has been involved in deciding his own remuneration)

Name of Director / Remuneration Band	**Salary and allowance* (%)**	**Annual Wage Supplement ("AWS") (%)**	**Performance Bonus (%)**	**Directors Fees (%)**	**Total (%)**
S$500,000 to S$750,000					
Ng Kian Ann Patrick	84.6	6.4	9.0	–	100.0
Ng Kian Yeow, Vincent	84.8	6.4	8.8	–	100.0
S$250,000 to S$500,000					
Ng Hai Liong	85.8	6.4	7.8	–	100.0
S$250,000 and below					
Yuen Sou Wai	–	–	–	100.0	100.0
Wee Heng Yi, Adrian	–	–	–	100.0	100.0
Cheang You Kong	–	–	–	100.0	100.0

*These amounts are inclusive of employer's CPF contribution and transport allowances.

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 disclosure of details in excess of the above would be prejudicial to its business interests given the highly competitive environment.

There are no termination, retirement, post-employment benefits that may be granted to Directors, the CEO or key management personnel.

Remuneration of key management personnel

The Company had 3 key management personnel (who are not Directors or the CEO) during FY2021. The total remuneration paid to the top 3 key management personnel (who are not Directors or the CEO) for FY2021 was S$350,377.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2021 is as follows:

Name of key executives/ remuneration#	Designation	Salary and allowance* (%)	AWS/ Bonus (%)	Total (%)
S$250,000 and below				
Karen Ji Cui Hua(1)	CFO	94.0	6.0	100.0
Goh Tuck Peng(2)	CFO	93.4	6.6	100.0
Heng Yann Syin	Head of Contracts	90.2	9.8	100.0

* These amounts are inclusive of employer's CPF contribution, transport allowances.

Notes:

(1) Ms Karen Ji resigned as CFO with effect from 21 July 2021

(2) Mr Goh Tuck Peng was appointed as the CFO with effect from 21 July 2021.

Given the highly competitive conditions of the Group's industry, and the prevalent poaching of experienced executives, the Company believes that the disclosure of the aggregate total remuneration paid to each individual key management personnel as recommended by the 2018 Code may not be in the best interests of the Group. Nevertheless, the Company has sought to provide the remuneration of these key management personnel in the bands of S$250,000 and also a breakdown in percentage terms. The Board is of the opinion that the information disclosed in this Corporate Governance report strikes an appropriate balance between detailed disclosure and confidentiality.

Performance conditions

The following performance conditions were implemented for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:

Performance Conditions	**Short-term Incentives** (such as performance bonus)	**Long-term Incentives** (such as the Employee Share Option Scheme and the Performance Share Plan)
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors	1. Group's major project or developments 2. Current market and industry practices
Quantitative	Group's PBT of at least S$4 million for Executive Directors	

The RC has reviewed and is satisfied that the performance conditions were fulfilled for FY2021.

<table>
<tr>
<td>Provision 8.2</td>
<td>
<u>Remuneration of immediate family members of Directors and CEO</u>

Ms Lee Swee Chu is the spouse of Mr Ng Hai Liong and mother to Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent. The remuneration of Ms Lee Swee Chu is between S$100,000 to S$150,000 in FY2021.

Save as disclosed above, there are no other employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2021.
</td>
</tr>
<tr>
<td>Provision 8.3</td>
<td>
<u>Remuneration, payments and benefits to Executive Directors</u>

The remuneration received by each of the Executive Directors takes into consideration his individual performance and contribution towards the overall performance of the Group in FY2021.

The remuneration of the Executive Directors is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, allowance and annual wage supplement (the “AWS”). The variable compensation is a performance bonus (the “Performance Bonus”) determined based on the Group’s profit before income tax (“PBT”) for each financial year. For this purpose, “PBT” refers to the audited consolidated profit before income tax of the Group (before the Incentive Bonus, nonrecurring exceptional items and minority interests) for the relevant financial year.

The amount of Performance Bonus is determined as follows:

<table>
<tr><th>PBT</th><th>Mr Ng Hai Liong (Executive Chairman)</th><th>Mr Ng Kian Ann Patrick (CEO)</th><th>Mr Ng Kian Yeow, Vincent (COO)</th></tr>
<tr><td>Less than S$4.0 million</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Exceeds S$4.0 million but does not exceed or equal to S$6.0 million</td><td>2.0% of the amount in excess of S$4.0 million</td><td>3.5% of the amount in excess of S$4.0 million</td><td>3.2% of the amount in excess of S$4.0 million</td></tr>
<tr><td>Exceeds S$6.0 million but does not exceed or equal to S$8.0 million</td><td>S$40,000 and 2.5% of the amount in excess of S$6.0 million</td><td>S$70,000 and 4.0% of the amount in excess of S$6.0 million</td><td>S$64,000 and 3.7% of the amount in excess of S$6.0 million</td></tr>
<tr><td>Exceeds S$8.0 million</td><td>S$90,000 and 3.0% of the amount in excess of S$8.0 million</td><td>S$150,000 and 4.5% of the amount in excess of S$8.0 million</td><td>S$138,000 and 4.2% of the amount in excess of S$8.0 million</td></tr>
</table>
<u>Remuneration, payments and benefits to key management personnel</u>

The remuneration received by key management personnel is made up of fixed compensation consisting of an annual base salary and allowance. Included in the remuneration was also AWS and/or bonus to key management personnel for FY2021.

<u>Share-Based Incentive Plans</u>

The Company has in place the Huationg PSP and the Huationg ESOS (collectively, the “Share-Based Incentive Plans”). The Share-Based Incentive Plans are administered by the NC and the RC (the “Administration Committee”).

The primary objective of establishing the Share-Based Incentive Plans is to recognise and reward the Directors and employees for their valuable contributions to the growth and success of the Group as well as to retain employees whose services are vital to the success and greater growth of the Group.
</td>
</tr>
</table>

	Under the ESOS, the total number of shares over which the Administration Committee may grant options on any date, when added to the number of shares issued and issuable in respect of (a) all options granted under the ESOS; (b) all awards granted under the Share Plan; and (c) any other share option schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings of the Company) on the day immediately preceding the date of the relevant grant. Options under the ESOS may be granted with the exercise price set at market price or with the exercise price set at a discount to market price. The former shall only be exercisable after the first anniversary of the date of grant and expire on the fifth anniversary of such date of grant, while the latter shall only be exercisable after the second anniversary of the date of grant and expire on the fifth anniversary of such date of grant. The PSP is designed to reward its participants through the issue of fully-paid shares according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods. No minimum vesting periods are prescribed under the PSP for awards, and the length of the vesting period in respect of each award shall be determined on a case-by-case basis. The size of the Award granted to a participant will be determined based on, amongst others, his rank, job performance, potential for future development and his contribution to the success and development of the Group as determined by the Administration Committee prior to the date of grant. The performance period here is a forward-looking period for which performance conditions and targets are set and measured over the performance period. The final Award is determined by the performance achievement over the performance period. Awards may comprise fully paid shares, cash or a combination of fully paid shares and cash. The performance period, vesting period and other conditions will be determined by the Administration Committee. Since the implementation of the Share-Based Incentive Plans, no share awards or share options have been granted to the Directors, controlling shareholders of the Company or associates of controlling shareholders of the Company, and no employee of the Group has received 5% or more of the total number of share awards or share options (as the case may be) available under the Share-Based Incentive Plans.

PRINCIPLE 9: ACCOUNTABILITY AND AUDIT – RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1	Risk assessment and evaluation Risk assessment and evaluation, which determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation, has become an essential part of the business planning and monitoring process. To address this, the Board has set up a Risk Committee which comprises Mr Ng Kian Ann Patrick as the Chairman and Mr Yuen Sou Wai, Mr Cheang You Kong and Mr Wee Heng Yi, Adrian as members. Nevertheless, the Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material errors or poor judgment in decision-making. The Group has put in place a documentation on its risk profile which summarises the material risks faced by the Group and the counter measures in place to manage or mitigate those risks for the review by the Board at least annually. Save for the above, the Board is 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. The bases for the Board's view are as follows: (i) assurance has been received from the CEO and CFO; (ii) an internal audit has been done by the internal auditor (the "**IA**") (who has unfettered access to all the Company's documents, records, properties and personnel) and significant matters highlighted to the AC and key management personnel were appropriately addressed; (iii) key management personnel regularly evaluates, monitors and reports to the AC and the Board on material risks; (iv) the AC, on behalf of the Board, reviews the Group's system of internal controls, including financial, operational, compliance controls and information technology and risk management policies and systems established by Management; (v) discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns; and (vi) an enterprise risk management framework was established to identify, manage and mitigate significant risks.
Provision 9.2	Assurance from the CEO, CFO, EA and IA The Board has obtained assurance from the CEO and CFO that in FY2021: (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are adequate and effective. The Board has further relied on the independent auditor'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 finances. The Board has also relied on the reports of the IA's examination of the Company's system of internal control and risk management as assurance that the Company's risk management and internal control system are effective.

Catalist Rule 1204(10)	Confirmation of adequacy of internal controls Taking into account the nature and size of the Group's business and operations, the Board, with the concurrence of the AC, are of the opinion that the internal controls and risk management systems are adequate and effective to address the financial, operational, compliance and information technology risks based on the following: • internal controls and the risk management system established by the Company; • work performed by the IA and EA; • assurance from the CEO and CFO; and • reviews done by the various Board Committees and key management personnel.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1 Catalist Rule 406(3)(e)	Duties and Functions of the AC The duties and functions of the AC include the following: (a) assist the Board in the discharge of its responsibilities on financial and reporting matters; (b) review, with the IA and EA, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of audits compiled by the IA and EA; (c) review the assurance from the CEO and CFO on the financial records and financial statements; (d) review the half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/ regulatory requirements; (e) review at least annually the effectiveness and adequacy of the internal control and procedures, including accounting and financial controls and procedures and ensure coordination between the IA and EA, and the Management, reviewing the assistance given by Management to the IA, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the IA may wish to discuss (in the absence of Management where necessary); (f) review the scope and results of the external audit, and the adequacy, effectiveness, independence and objectivity of the EA and IA; (g) review and discuss with the EA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

	(h) make recommendations to the Board on (i) the proposals to the shareholders on the appointment, re-appointment and removal of the EA; and (ii) the remuneration and terms of engagement of the EA; (i) review significant financial reporting issues and judgments with the CFO and the EA so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before their submission to the Board; (j) to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls and risk management systems with the CFO and the IA and EA, including financial, operation, compliance and information technology controls via reviews carried out by the IA; (k) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any); (l) review any potential conflicts of interest; (m) review and approve all hedging policies and instruments (if any) to be implemented by the Group; (n) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of AC; (o) review and establish procedures for receipt, retention and treatment of complaints received by the Group, amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and (p) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time. Changes to accounting standards and issues In FY2021, the AC was provided with information such as updates on the changes to the Singapore Financial Reporting Standards, as and when there are material updates to the financial reporting standards when the AC meets with the EA during AC meetings and the AC members were encouraged to attend external courses conducted by relevant professional institutes as and when deemed necessary or upon request.

LR 1204(18A) and LR 1204(18B)	Whistle-blowing policy The AC reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed-up. The Company has a whistle-blowing policy whereby staff of the Group may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters, such as suspected fraud, corruption, dishonest practices etc. The Company ensures that the identity of the whistleblower is kept confidential. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to submit complaints confidentially or anonymously to any of the whistle-blowing committee members. In the event that the whistle-blowing matter to be raised concerns any particular member of the whistleblowing committee, the whistle blower can direct the email to any other member of the whistle-blowing committee who has no conflict of interest. The whistle-blowing committee comprises of all members of the AC, of which all are Non-Executive and Independent Directors, is responsible for the oversight and monitoring of whistleblowing. The whistle-blowing committee will direct an independent investigation to be conducted on the complaint when received in writing, via email or in person. The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility, and if it deems appropriate, may engage independent advisors at the Company's expense for the purpose of resolving the complaint. Findings from any investigations shall be reported to the AC for their further actions. The AC ensures that the whistleblower is protected against detrimental or unfair treatment. As of the date of this Corporate Governance Report, there were no whistle-blowing reports received in FY2021 by the whistle-blowing committee.
Provision 10.2	AC Composition The AC comprises three (3) Directors, all of whom are Non-Executive and Independent Directors. The AC Chairman, Mr Yuen Sou Wai, is an Independent Director. Please refer to Provision 1.4 above on the names of the members and the composition of the AC. The Board considers Mr Yuen Sou Wai, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. At least two members of the AC collectively have recent and relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibilities.
Provision 10.3	None of the AC members was a former partner or director of the Company's existing auditing firm or auditing corporation: (a) within the previous 2 years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation, and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Provision 10.4 Catalist Rule 719(3) Catalist Rule 1204(10C)	<u>Internal Audit</u> The Company's internal audit function is outsourced to Nexia TS Risk Advisory Pte. Ltd. (the "**Nexia TS**") who reports directly to the AC. Nexia TS is a part of Nexia TS Public Accounting Corporation, which is recognised as an established mid-tier accounting firm for more than 25 years. Nexia TS possesses vast experience in providing internal audits, risk management services and advisory services in the region. The engagement team assigned comprises of 2 staff members led by the Manager of 8 years internal audit experience and headed by Ms Pamela Chen who has more than 15 years performing audits for listed companies. The AC is responsible for the hiring, removal and evaluation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to. The AC reviews and approves the internal audit plan annually to ensure the adequacy of the scope of audit and assess whether there are adequate resources for the IA to perform and discharge its functions during the financial year, whether the proposed work plan is aligned with the risk management framework of the Company and also the overall effectiveness of the IA. The internal audit function adheres to standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and is therefore staffed with persons with the relevant qualifications and experience. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company. The AC is of the view that the Company's internal audit function is effective, adequately resourced and independent of the activities it audits.
Provision 10.5	<u>Meeting Auditors without the Management</u> The AC has met once with the Company's external auditors and internal auditors without the presence of Management during FY2021 to discuss on the findings and results of the audit, as well as review and address any concerns if any.

PRINCIPLE 11: SHAREHOLDER RIGHTS AND ENGAGEMENT – SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

<table>
<tr><td>Provision 11.1 &
Provision 11.2</td><td><u>Conduct of General Meetings</u>

Shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively in and vote at general meetings of the Company.

At general meetings of the Company, shareholders are informed of the rules, including voting procedures before all resolutions are put to vote by poll, and their detailed results of the number of votes for and against each resolution and their respective percentages will be announced via SGXNET after the conclusion of the general meeting.

The Company provided necessary information on the resolutions to enable Shareholders to exercise their vote on an informed basis during the annual general meeting held during FY2021 there were no other general meetings held during FY2021. The Company tabled separate resolutions on each substantially separate issue at the annual general meeting held during FY2021. There were no resolutions which were bundled.

Due to Covid-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the annual general meeting of the Company held during FY2021 was held by way of electronic means and shareholders were not able to attend the annual general meeting in person. To enable shareholders to participate in and vote effectively at general meetings held by way of electronic means, the Company set out detailed information on the arrangements relating to attendance at the general meetings, submission of questions in advance of the general meetings, addressing of substantial and relevant questions at the general meetings, and voting procedures for the general meetings.</td></tr>
<tr><td>Provision 11.3</td><td><u>Interaction with Shareholders</u>

At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters affecting the Group.

All Directors attend general meetings of shareholders, and the EA are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The attendance of the Directors at the general meetings of the Company held in FY2021 are set out below:

<table>
<tr><th rowspan="2">Name of Director</th><th colspan="2">Annual General Meeting</th></tr>
<tr><th>No. of meetings held</th><th>No. of meetings attended</th></tr>
<tr><td>Mr Ng Hai Liong</td><td>1</td><td>1</td></tr>
<tr><td>Mr Ng Kian Ann Patrick</td><td>1</td><td>1</td></tr>
<tr><td>Mr Ng Kian Yeow, Vincent</td><td>1</td><td>1</td></tr>
<tr><td>Mr Yuen Sou Wai</td><td>1</td><td>1</td></tr>
<tr><td>Mr Wee Heng Yi, Adrian</td><td>1</td><td>1</td></tr>
<tr><td>Mr Cheang You Kong</td><td>1</td><td>1</td></tr>
</table>
</td></tr>
</table>

Provision 11.4	Shareholders' Participation A shareholder may vote in person or appoint not more than two proxies to attend and vote in his stead. In the case of a shareholder who is a relevant intermediary (as defined in the Companies Act), he may appoint more than two proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may appoint more than two proxies to attend and vote at general meetings. Pursuant to Regulation 77(3)(c) of the Constitution of the Company, Shareholders who are unable to vote in person at any general meeting may, subject to the approval of the Directors, have the option of voting in absentia, including but not limited to voting by mail, electronic mail, or facsimile.
Provision 11.5	Minutes of General Meetings The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management (the "**Minutes of General Meeting**"). During FY2021, the minutes of the annual general meeting was published on SGXNET and the Company's corporate website within one month after the annual general meeting.
Provision 11.6	Dividend Policy The Company does not have a fixed dividend policy at present. The Company is committed to enhancing value for its shareholders and strives to achieve an efficient capital structure that balances the returns to shareholders with the Company's capital needs for investment and growth. The declaration and payment of dividends by the Group is subject to many factors, including but not limited to, the level of the Group's cash and retained earnings, the Group's actual and projected performance, the projected levels of capital requirements and general financing conditions and restrictions on payment of dividends imposed on the Group by the financing arrangement (if any). As announced in its announcement dated 1 March 2022, no dividend has been declared or recommended for FY2021, given the current uncertain economic climate, the board of Directors deems it appropriate to conserve adequate resources for the Group's business activities.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1, 12.2 & 12.3	Communication between the Board and Shareholders The Company solicits feedback from and addresses the concerns of shareholders via the following: • a dedicated investor relations page on the Group's website; and • annual general meetings. 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. Investor Relations The Company's CEO is responsible for the Company's communication with shareholders and serves as the dedicated contact point for investor relations. Shareholders and investors can contact the Company by submitting their queries through the enquiry portal of our corporate website. The Company will follow up and respond to stakeholders' queries as soon as practicable. Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.huationg-global.com.

PRINCIPLE 13: MANAGING STAKEHOLDER RELATIONSHIPS – ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 & 13.2	Stakeholders' Engagement The Company actively engages its key stakeholders periodically through various medium and channels to understand their needs and expectations, address their concerns so as to improve services and product's standards, as well as to align the business interest with those of the stakeholders and ultimately to generate sustainable value in the long-run. The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are able to impact the Group's business and operations. Six stakeholder groups have been identified through an assessment of their significance to the business operations. They are namely: customers, employees, suppliers / consultant / subcontractors, shareholders & investors, regulators and community. Having identified the stakeholders and the key topics, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships. The key areas of focus include waste disposal and management, water and energy consumption, occupational health and safety, training and education as well as employment practices.

Provision 13.3	Corporate Website The Company maintains a current corporate website, www.huationg-global.com, which contains various information on the Group and the Company and serves as an important resource for investors and all stakeholders.

<table>
<tr><th>Catalist Rule</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>712 and 716
1204(6)(c)</td><td>Appointment of Auditors

The Company and all its Singapore-incorporated subsidiaries are audited by Baker Tilly TFW LLP, save for Banyan Capital Pte. Ltd., an insignificant wholly-owned indirect subsidiary of the Company, and Golden Empire-Huationg Pte. Ltd., the Group's joint venture Company, which are audited by RSM Chio Lim LLP, Singapore.

Notwithstanding the above, the Board and the AC are satisfied that the appointment of a different auditing firms for its subsidiaries or significant associated companies would not compromise the standards and effectiveness of the audit of the Company. Therefore, the Company confirms its compliance with Catalist Rules 712 and 716.</td></tr>
<tr><td>1204(6)(a) and (b)</td><td>Fees Paid/Payable to the EA for FY2021

<table>
<tr><th></th><th>S$</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>130,000</td><td>83.9</td></tr>
<tr><td>Non-audit fees (Tax services)</td><td>25,000</td><td>16.1</td></tr>
<tr><td>Total</td><td>155,000</td><td>100.0</td></tr>
</table>

The AC confirms that it has undertaken a review of non-audit services provided by the EA and they will not, in the AC's opinion, affect the independence of the EA.</td></tr>
<tr><td>1204(8)</td><td>Material Contracts

Save for as disclosed in Note 29 of the notes to the financial statements, there were no material contracts entered into by the Group involving the interest of the CEO, 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.</td></tr>
<tr><td>711A,
711B</td><td>Sustainability Reporting

The Group recognises the importance of sustainability that creates long-term value to our stakeholders by embracing opportunities and managing risks derived from the environment, social developments and governance. The Group is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the wider community and the requirements of stakeholders and business growth. The Group's fourth sustainability report will be prepared in accordance with the Global Reporting Initiative Standards, Core Option and in line with the requirements of the Catalist Rules on sustainability reporting. The report will highlight the environmental and social factors such as waste and energy consumption, occupational health and safety and Training and education. Details of the sustainability practices are presented in our 2021 Sustainability Report which will be published on the SGXNET by 31 May 2022.</td></tr>
</table>

1204(17) Interested Persons Transaction ("**IPT**")

907 The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Other than IPTs as disclosed at paragraph (c)(i) of page 156 of the Company's offer document dated 1 December 2014, the update announcement in relation to the IPTs released on 8 November 2019 and the IPTs as set out in the table below, there were no additional IPTs of S$100,000 and above for FY2021.

Name of Interested Person	**Nature of relationship**	**Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all IPTs during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
		S$'000	S$'000
NHL Holding Pte. Ltd.	#	1,830	Not Applicable
NB Auto Pte. Ltd.	#	108	Not Applicable

These interested persons are regarded as associates of the Company's controlling shareholder under Chapter 9 of the Catalist Rules on IPTs.

There was no subsisting general mandate from shareholders for IPTs pursuant to Catalist Rule 920 during FY2021.

1204(19) Dealing in Company's Securities

In compliance with Rule 1204(19) of the Listing Manual of the SGX-ST, the Company has adopted its own internal compliance code to provide guidance to its officers with regard to dealing by the Company and its officers in the Company's securities.

The Company has in place a policy prohibiting dealings of the Company's securities by the Company, its Directors and officers on short-term considerations or when they are in possession of price sensitive information. The Company, Directors and officers are also prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Company's half-year and full-year financial results.

The Company, Directors and officers are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

1204(21) Non-sponsor fees

No non-sponsorship fees were paid/payable to its sponsor, PrimePartners Corporate Finance Pte. Ltd. in FY2021.

1204(22)

Use of Placement proceeds

The Company refers to the net proceeds amounting to S$2.3 million raised from the Placement of 25.0 million of ordinary shares on the Catalist Board of the SGX-ST during the financial year. As at the date of this announcement, the status on the use of the Placement net proceeds is as follows:

Use of Proceeds	Amount Allocated (S$'000)	Amount Utilised (S$'000)	Amount Unutilised (S$'000)
To explore opportunities in mergers and acquisitions, joint ventures and strategic alliances	1,000	(1,000)	–
General working capital purposes	1,280	(1,000)	280
Total	**2,280**	**(2,000)**	**280**

Note:-

During the financial year, the Company has utilised $1.0 million on the allocated general working capital for the repayment of amounts owing to external parties. The above utilisations are in accordance with the intended use of the Placement net proceeds and percentage allocated, as stated in the Placement Exercise announcement dated 2 November 2021.

The Directors of Huationg Global Limited (the "Company") are pleased to present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group"), the statement of financial position 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 Board of Directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 57 to 128 are properly 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 of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"); and

(ii) at the date of this statement, after considering the measures taken by the Group with respect to the Group's ability to continue as a going concern as described in Note 3 to the financial statements, 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 as follows:

Ng Hai Liong
Ng Kian Ann Patrick
Ng Kian Yeow, Vincent
Yuen Sou Wai
Wee Heng Yi, Adrian
Cheang You Kong

Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than share options as disclosed in this statement.

Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company or its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at 1.1.2021	Balance as at 31.12.2021	Balance as at 1.1.2021	Balance as at 31.12.2021
	Number of ordinary shares			
The Company				
Ng Hai Liong	–	–	121,759,600	121,759,600
Ng Kian Ann Patrick	219,000	299,100	121,759,600	121,759,600
Ng Kian Yeow, Vincent	–	–	121,759,600	121,759,600
Ultimate holding company				
Dandelion Capital Pte. Ltd.				
Ng Hai Liong	17	17	35	35
Ng Kian Ann Patrick	25	25	–	–
Ng Kian Yeow, Vincent	23	23	–	–

The Directors, Mr Ng Hai Liong, Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent, by virtue of Section 7 of the Act are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

Mr Ng Hai Liong, Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent, by virtue of their interest of not less than 20% of the issued share capital of the ultimate holding company are deemed to have an interest in the shares held by the Company in the following subsidiary corporations that are not wholly-owned by the Group:

	Balance as at 1.1.2021	Balance as at 31.12.2021
	Number of ordinary shares	
HT Equipment Pte. Ltd.	375,000	375,000
Changi East Dorm Dwall Private Limited	51	51

The Directors' interests in the ordinary shares as at 21 January 2022 were the same as those as at 31 December 2021.

Share options

<u>Huationg Employee Share Option Scheme</u>

The Huationg Employee Share Option Scheme (the "Share Option Scheme") was approved and adopted at the Company's extraordinary general meeting held on 18 November 2014. The Share Option Scheme is administered by the members of both Remuneration Committee and Nominating Committee comprising Mr Cheang You Kong, Mr Yuen Sou Wai, Mr Wee Heng Yi, Adrian and Mr Ng Kian Ann Patrick (collectively, the "Administration Committee"). The Share Option Scheme provides for the grant of incentive share options to employees and Directors of the Group.

Share options (cont'd)

Huationg Employee Share Option Scheme (cont'd)

Under the Share Option Scheme, the total number of shares over which the Administration Committee may grant options on any date, when added to the number of shares issued and issuable in respect of (a) all options granted under the Share Option Scheme; (b) all awards granted under the Huationg Performance Share Plan; and (c) any other share option schemes of the Company, shall not exceed 15% of the number of issued shares (excluding treasury shares and subsidiary holdings of the Company) on the day immediately preceding the date of the relevant grant.

Options granted with the exercise price set at market price shall only be exercisable after the first anniversary of the date of grant and expire on the fifth anniversary of such date of grant.

Options granted with the exercise price set at a discount to market price shall only be exercisable after the second anniversary of the date of grant and expire on the fifth anniversary of such date of grant.

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Share awards

Huationg Performance Share Plan

The Huationg Performance Share Plan (the "Share Plan") was approved at the Company's extraordinary general meeting held on 18 November 2014. The Share Plan is administered by the Administration Committee, which provides for the grant of incentive share awards to employees and Directors of the Group.

The Share Plan is designed to reward its participants through the issue of fully-paid shares according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods.

No minimum vesting periods are prescribed under the Share Plan for awards, and the length of the vesting period in respect of each award shall be determined on a case-by-case basis.

Since the inception of the Share Plan, no award has been granted.

Audit committee

The Audit Committee at the date of this statement comprises the following members, all of whom are non-executive independent Directors:

Yuen Sou Wai (Chairman)
Cheang You Kong
Wee Heng Yi, Adrian

The Audit Committee performed the functions specified in Section 201B(5) of the Act, the Listing Manual - (Section B: Rules of Catalist) of the SGX-ST and the Code of Corporate Governance.

In performing its functions, the Audit Committee met with the Company's independent and internal auditors to review the audit plans and overall scope of examination by the internal and independent auditors and the reports of the internal auditors' examination of the Group's systems of internal accounting control.

The Audit Committee also reviewed the following:

(i) assistance provided by the Company's officers to the internal and independent auditors;

(ii) consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and independent auditor's report on those financial statements before their submission to the Directors of the Company;

(iii) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);

(iv) re-appointment of the independent and internal auditors of the Company; and

(v) the half-yearly and full-year announcements as well as the related press releases on the results and financial position of the Group and the Company.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority to invite any Director or executive officer to attend its meetings. The independent and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has carried out an annual review of non-audit services provided by the independent auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor.

The Audit Committee has recommended to the Board of Directors the nomination of Baker Tilly TFW LLP, for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Ng Hai Liong Director	Ng Kian Ann Patrick Director

Singapore

8 April 2022

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Huationg Global Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 57 to 128, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company 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 and the statement of financial position and 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)s") 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 the 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.

Revenue from civil engineering contract works

Description of key audit matter:

For the financial year ended 31 December 2021, the Group recognises revenue from civil engineering contract works of $153,069,000 (2020: $105,071,000) over time by reference to the stage of completion as disclosed in Note 4 to the financial statements. The stage of completion is determined by reference to the contract costs incurred to-date relative to the estimated total costs for the contract.

We consider this area to be a key audit matter because significant assumptions are used in the estimation of the total contract revenue (including variation of claims) and total contract costs (including estimated costs to complete), and the determination of the stage of completion as disclosed in Note 3 to the financial statements.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Revenue from civil engineering contract works (cont'd)

Our procedures to address the key audit matter:

We have evaluated the Group's accounting policies for revenue recognition to be in compliance with SFRS(I) 15 *Revenue from Contracts with Customers* and obtained an understanding of internal controls over the revenue recognition process and performed test of design and implementation over relevant key operational and accounting controls.

On a sample basis, we read contracts and obtained an understanding of the key terms and conditions. For these contracts, we performed procedures with respect to the reasonableness of management estimates for total contract revenue (including variation of claims) and total contract costs (including estimated costs to complete). We held discussions with contract team to understand the basis of making key estimates in estimating total contract revenue (including variation of claims) and total contract costs (including estimated costs to complete), and also the progress of these projects to assess the appropriateness of the estimated costs to complete. We recomputed management's computation of the stage of completion. We reviewed the budgets for these projects for cost overruns, provision for onerous contract, liquidated damages and rectification costs.

We have checked the actual costs incurred to-date against supporting documents. We also assessed the adequacy and appropriateness of the Group's disclosures made in the financial statements.

Expected credit loss for trade receivables (including retention sums) and contract assets

Description of key audit matter:

As at 31 December 2021, the Group has trade receivables (including retention sums) and contract assets of $29,813,000 (2020: $44,379,000) and $76,044,000 (2020: $72,479,000) respectively. During the financial year ended 31 December 2021, the Group recognises allowance for expected credit loss ("ECL") of $2,340,000 (2020: $5,663,000) on trade receivables (including retention sums) and contract assets. The Group determines the ECL of trade receivables (including retention sums) and contract assets by the credit profile and characteristics of the counterparties. The Group further categorises the trade receivables based on days past due. The ECL rates for each category of debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current condition and forward-looking information which is based on assumptions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment as disclosed in Notes 3 and 32(b) to the financial statements.

We consider this area to be a key audit matter because it requires the application of significant estimates and judgements by management and trade receivables (including retention sums) and contract assets is significant to the Group's total assets.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Expected credit loss for trade receivables (including retention sums) and contract assets (cont'd)

Our procedures to address the key audit matter:

We obtained an understanding of management's basis for determination of ECL, factors for determination of default event, credit risk assessment process and credit risk management practices. We evaluated management's determination of the ECL rates, including assumptions surrounding current conditions and adjustment for forward looking information and recomputed ECL of trade receivables (including retention sums) and contract assets using the provision matrix. We assessed the historical ageing data and the key inputs used by management in the provision matrix.

We also assessed the adequacy and appropriateness of the Group's disclosures made in 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 SFRS(I)s, 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.

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.

Report on the Audit of the Financial Statements (cont'd)

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.

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 Lim Kok Heng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

8 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group	
		2021	2020
	Note	**$'000**	$'000
Revenue	4	**170,441**	115,958
Cost of sales and services		**(148,129)**	(112,145)
Gross profit		**22,312**	3,813
Other item of income			
Other income	5	**8,159**	10,424
Other items of expense			
Administrative expenses		**(19,868)**	(15,837)
Other expenses		**(1,119)**	(590)
Loss allowance on trade receivables and contract assets		**(2,340)**	(5,663)
Impairment of financial assets at FVOCI		**–**	(264)
Finance costs	6	**(2,778)**	(3,563)
Share of results of a joint venture	13	**1,016**	915
Profit/(loss) before income tax	7	**5,382**	(10,765)
Income tax (expense)/credit	8	**(196)**	3,367
Profit/(loss) for the financial year		**5,186**	(7,398)
<u>*Other comprehensive income/(loss):*</u>			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on financial assets at FVOCI	16	**54**	(159)
Reclassification of fair value loss in fair value reserve to profit or loss		**–**	264
Reversal of fair value loss in fair value reserve upon redemption	21	**–**	–*
Item that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on revaluation of property, plant and equipment	9	**544**	(70)
Other comprehensive income, net of tax	8	**598**	35
Total comprehensive income/(loss) for the financial year		**5,784**	(7,363)
Profit/(loss) attributable to:			
Owners of the parent		**5,326**	(7,471)
Non-controlling interests		**(140)**	73
		5,186	(7,398)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**5,924**	(7,436)
Non-controlling interests		**(140)**	73
		5,784	(7,363)
Earnings/(loss) per share attributable to owners of the parent:			
- Basic and diluted (in cents)	28	**3.44**	(4.94)

Note:
(1) FVOCI: fair value through other comprehensive income

* Less than one thousand Singapore dollars

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**42,328**	38,028
Right-of-use assets	10	**54,191**	69,760
Financial assets at FVTPL	11	**2,949**	5,387
Investment in a joint venture	13	**1,722**	706
Intangible assets	14	**79**	95
		101,269	113,976
Current assets			
Contract assets	15	**76,044**	72,479
Financial assets at FVTPL	11	**2,744**	–
Financial assets at FVOCI	16	**829**	783
Inventories	17	**1,400**	1,271
Trade and other receivables	18	**31,393**	45,666
Prepayments		**2,680**	4,568
Current income tax recoverable		**–**	429
Cash and cash equivalents	19	**10,346**	32,896
		125,436	158,092
Total assets		**226,705**	272,068
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**41,081**	38,676
Other reserves	21	**(16,229)**	(16,827)
Accumulated profits		**48,219**	42,893
Equity attributable to owners of the parent		**73,071**	64,742
Non-controlling interests		**(946)**	(806)
Total equity		**72,125**	63,936
Non-current liabilities			
Trade and other payables	22	**8,784**	–
Lease liabilities	23	**25,834**	37,805
Bank borrowings	24	**14,260**	15,617
Deferred income	25	**–**	272
Deferred tax liabilities	26	**3,557**	3,972
		52,435	57,666
Current liabilities			
Contract liabilities	15	**4,399**	11,334
Trade and other payables	22	**38,255**	58,755
Lease liabilities	23	**15,161**	15,679
Derivative financial liabilities		**–**	28
Bank borrowings	24	**43,389**	63,637
Deferred income	25	**272**	1,033
Current income tax payable		**669**	–
		102,145	150,466
Total liabilities		**154,580**	208,132
Total equity and liabilities		**226,705**	272,068

Note:
(1) FVTPL: fair value through profit or loss

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Note	Company 2021 $'000	2020 $'000
ASSETS			
Non-current assets			
Investments in subsidiaries	12	**41,735**	41,735
Intangible assets	14	**11**	14
Other receivable	18	**10,798**	–
		52,544	41,749
Current assets			
Other receivables	18	**1,000**	1,660
Prepayments		**12**	3
Cash and cash equivalents	19	**319**	52
		1,331	1,715
Total assets		**53,875**	43,464
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**41,081**	38,676
Accumulated profits		**4,170**	4,596
Total equity		**45,251**	43,272
Non-current liabilities			
Other payables	22	**8,370**	–
Current liabilities			
Trade and other payables	22	**254**	192
Total liabilities		**8,624**	192
Total equity and liabilities		**53,875**	43,464

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital $'000	Accumulated profits $'000	Other reserves $'000	Total equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1.1.2021		38,676	42,893	(16,827)	64,742	(806)	63,936
Profit/(loss) for the financial year		–	5,326	–	5,326	(140)	5,186
Other comprehensive income:							
- Gain on revaluation of property, plant and equipment	9	–	–	544	544	–	544
- Fair value gain on financial assets at FVOCI	16	–	–	54	54	–	54
		–	–	598	598	–	598
Total comprehensive income/(loss) for the financial year		–	5,326	598	5,924	(140)	5,784
Issuance of ordinary shares	20	2,405	–	–	2,405	–	2,405
Balance as at 31.12.2021		**41,081**	**48,219**	**(16,229)**	**73,071**	**(946)**	**72,125**
Balance as at 1.1.2020		38,676	50,364	(16,862)	72,178	(879)	71,299
Loss/(profit) for the financial year		–	(7,471)	–	(7,471)	73	(7,398)
Other comprehensive income/(loss):							
- Loss on revaluation of property, plant and equipment	9	–	–	(70)	(70)	–	(70)
- Fair value loss on financial assets at FVOCI	16	–	–	(159)	(159)	–	(159)
- Reversal of fair value loss in fair value reserve upon redemption	21	–	–	–*	–*	–	–*
- Reclassification of fair value loss in fair value reserve to profit or loss	21	–	–	264	264	–	264
		–	–	35	35	–	35
Total comprehensive income/(loss) for the financial year		–	(7,471)	35	(7,436)	73	(7,363)
Balance as at 31.12.2020		38,676	42,893	(16,827)	64,742	(806)	63,936

* Less than one thousand Singapore dollars

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

	Note	Share capital $'000	Accumulated profits $'000	Total equity $'000
Company				
Balance at 1.1.2021		38,676	4,596	43,272
Loss and total comprehensive loss for the financial year		–	(426)	(426)
Issuance of ordinary shares	20	2,405	–	2,405
Balance at 31.12.2021		**41,081**	**4,170**	**45,251**
Balance at 1.1.2020		38,676	5,043	43,719
Loss and total comprehensive loss for the financial year		–	(447)	(447)
Balance at 31.12.2020		38,676	4,596	43,272

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from operating activities			
Profit/(loss) before income tax		**5,382**	(10,765)
Adjustments for:			
Impairment of financial assets at FVOCI		**–**	264
Reversal of allowance for impairment of financial assets at FVOCI upon redemption		**(11)**	(10)
Loss allowance on trade receivables and contract assets		**2,340**	5,663
Amortisation of intangible assets	14	**16**	15
Depreciation of property, plant and equipment	9	**8,293**	8,090
Depreciation of right-of-use assets	10	**10,307**	12,053
Gain on disposal of property, plant and equipment and right-of-use assets		**(125)**	(156)
Loss on lease modification	23	**272**	78
Amortisation of gain on sale and leaseback transactions		**(685)**	(793)
Interest expenses	6	**2,573**	3,368
Interest income		**(60)**	(58)
Share of results of a joint venture	13	**(1,016)**	(915)
Fair value gain of financial assets at FVTPL	11	**(185)**	(179)
Fair value loss on derivative financial instruments		**–**	28
Unrealised exchange differences, net		**(4)**	13
Operating cash flows before working capital changes		**27,097**	16,696
Working capital changes:			
Trade and other receivables		**13,950**	(12,491)
Prepayments		**1,888**	(3,447)
Contract assets, net		**(12,865)**	20,851
Inventories		**(129)**	8
Trade and other payables		**(11,551)**	10,747
Cash from operations		**18,390**	32,364
Interest received		**5**	3
Income tax refund/(paid)		**376**	(252)
Net cash from operating activities		**18,771**	32,115
Cash flows from investing activities			
Purchase of property, plant and equipment	9	**(1,763)**	(763)
Deposits for purchase of property, plant and equipment		**–**	(38)
Interest received		**54**	55
Dividend received from a joint venture		**–**	3,000
Proceeds from disposal of property, plant and equipment and right-of-use assets		**228**	577
Proceeds from redemption of financial assets at FVOCI		**20**	20
Proceeds from settlement of derivative financial instruments		**(28)**	–
Net cash (used in)/from investing activities		**(1,489)**	2,851

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

		Group	
		2021	2020
	Note	**$'000**	$'000
Cash flows from financing activities			
Issuance of new ordinary shares	20	**2,405**	–
Proceeds from trust receipts/letters of credits	24	**80,392**	58,060
Repayments of trust receipts/letters of credits	24	**(88,368)**	(51,856)
Proceeds from bank loans	24	**7,871**	9,201
Repayments of bank loans	24	**(21,617)**	(3,406)
Interest paid		**(2,344)**	(3,100)
Repayments of lease liabilities	23	**(18,171)**	(15,453)
Net cash used in financing activities		**(39,832)**	(6,554)
Net changes in cash and cash equivalents		**(22,550)**	28,412
Cash and cash equivalents as at the beginning of the financial year		**32,896**	4,484
Cash and cash equivalents as at the end of the financial year	19	**10,346**	32,896

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

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

1. General corporate information

Huationg Global Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's registered office address and principal place of business is at 9 Benoi Crescent, Singapore 629972. The Company's registration number is 201422395Z.

The Company's immediate and ultimate holding company is Dandelion Capital Pte. Ltd., a company incorporated in Singapore, which is controlled by Ng Hai Liong, Ng Kian Ann Patrick and Ng Kian Yeow, Vincent.

The principal activity of the Company is that of investment holding company.

The principal activities of the Company's subsidiaries are set out in Note 12.

2. Significant accounting policies

(a) Basis of preparation

The financial statements are presented in Singapore dollar ("$"), and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

Use of estimates and judgements

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

2. Significant accounting policies (cont'd)

(a) **Basis of preparation (cont'd)**

Use of estimates and judgements (cont'd)

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

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

New and revised standards that are adopted

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

The adoption of these new and revised SFRS(I)s and INT SFRS(I) did not have any material effect on the financial results or position of the Group and the Company.

New and revised standards not yet effective

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

(b) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2. Significant accounting policies (cont'd)

(b) **Basis of consolidation (cont'd)**

Any excess of the fair value of the consideration transferred in the business combination, the amount of any 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 fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

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

(c) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) **Property, plant and equipment**

Leasehold properties are initially recorded at cost and subsequently carried at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Their fair values are determined by an independent professional valuer annually and whenever their carrying amounts are likely to differ materially from their fair values.

Other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

2. Significant accounting policies (cont'd)

(d) **Property, plant and equipment (cont'd)**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probably that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

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

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

Depreciation is calculated on a straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Leasehold properties	Remaining lease period of between 1 and 20 years
Computers	3 years
Container offices	5 years
Office equipment and electrical fittings	10 years
Plant and machineries	10 years
Worksite equipment	5 years
Trucks and vehicles	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(e) **Intangible assets**

Club membership

Club membership is initially measured at cost and is subsequently carried at cost less any accumulated impairment losses.

2. Significant accounting policies (cont'd)

(e) **Intangible assets (cont'd)**

Trademarks

Trademarks represent costs associated with the protection of the Group's trademark registration. Trademarks are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over 10 years, which is the shorter of their estimated useful lives and periods of contractual rights.

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

(f) **Joint ventures**

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures ("equity-accounted investees") are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in equity-accounted investees are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Distributions received from equity-accounted investees are adjusted against the carrying amount of the investment. When the Group's share of losses in an equity-accounted investee equals or exceeds its interest in the equity-accounted investee, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the equity-accounted investee.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the equity-accounted investee recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an equity-accounted investee of the Group, unrealised gains are eliminated to the extent of the Group's interest in the equity-accounted investee. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

2. Significant accounting policies (cont'd)

(g) **Impairment of non-financial assets**

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

Recoverable amount is the higher of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

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

(h) **Financial assets**

Recognition and derecognition

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

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

2. Significant accounting policies (cont'd)

(h) **Financial assets (cont'd)**

Classification and measurement

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

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

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement

(i) Debt instruments

Debt instruments include cash and cash equivalents, trade and other receivables (excluding non-refundable deposits) and quoted debt securities. There are three subsequent measurement categories, depending on the Group's business model for managing the asset and cash flow characteristics of the asset:

Amortised cost

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

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

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

Interest income from these financial assets is included in interest income using the EIR method.

2. Significant accounting policies (cont'd)

(h) **Financial assets (cont'd)**

Subsequent measurement (cont'd)

(i) Debt instruments (cont'd)

Fair value through other comprehensive income ("FVOCI")

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(ii) Investments in life insurances

The Group's investments in life insurances are classified as FVTPL. Movements in fair values and interest income are recognised in profit or loss in the period in which it arises and presented in "other income".

Impairment

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

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

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

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

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

2. Significant accounting policies (cont'd)

(h) **Financial assets (cont'd)**

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) **Inventories**

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

(j) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

(k) **Financial liabilities**

Financial liabilities include trade and other payables (excluding goods and services tax payable and provision for unutilised leave), lease liabilities, bank borrowings and derivatives. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at FVTPL, directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than FVTPL, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of financial liabilities at FVTPL are recognised in profit or loss. Net gains or losses on financial liabilities at FVTPL include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

(l) **Financial guarantees**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values.

Subsequent to initial measurement, the financial guarantees are measured at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

2. Significant accounting policies (cont'd)

(m) **Provisions for other liabilities**

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

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

(n) **Share capital**

Ordinary shares

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.

(o) **Revenue recognition**

Revenue is recognised when a performance obligation is satisfied. 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 (i.e. sales related taxes).

Revenue is recognised when the Group satisfied 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.

(i) Revenue from civil engineering contract works

The Group provides civil engineering contract works to customers. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or the customer simultaneously receives and consumes the benefits provided by the Group's performance as the work progresses. The Group recognises contract revenue over time by reference to the stage of completion of the contract work. The stage of completion is determined by reference to the contract costs incurred to-date relative to the estimated total contract costs for the contract.

The Group progressively invoices the customer on progress claims, where the Group has right over payment over the value of services transferred to the customer. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The period between the transfer of the promised service and invoicing to the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customer from the Group's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Inland logistics support service income

Inland logistics support service income is recognised at point in time when services are provided.

2. Significant accounting policies (cont'd)

(o) **Revenue recognition (cont'd)**

(iii) Sales of construction materials

Revenue from the sales of construction materials is recognised at point in time when the goods are delivered to customers.

(iv) Dormitory operations

Dormitory services income is recognised over time when services are provided.

(v) Rental income from operating leases

Lease payments from operating leases are recognised on a straight-line basis over the lease term.

(vi) Interest income

Interest income is recognised using the effective interest method.

(vii) Contract assets and contract liabilities

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

(p) **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(q) **Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

(r) **Employee benefits**

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into government-managed retirement benefit schemes, such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

2. Significant accounting policies (cont'd)

(s) **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.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

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

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

2. Significant accounting policies (cont'd)

(s) **Leases (cont'd)**

When a Group entity is the lessee (cont'd)

Right-of-use assets (cont'd)

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

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(g).

As a practical expedient, SFRS(I) 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient to its leases for land-use-rights.

When a Group entity is the lessor

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

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

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

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

(t) **Income taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

2. Significant accounting policies (cont'd)

(t) **Income taxes (cont'd)**

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax liability is provided on all taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

(u) **Dividends**

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

(v) **Foreign currencies**

Functional and presentation currency

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

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Significant accounting policies (cont'd)

(w) **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.

Contingencies are not recognised on the consolidated statement of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

(x) **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision makers for making decisions about allocating resources and assessing performance of the operating segments.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations).

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the Group's accounting policies (cont'd)

Going concern assumption

As at 31 December 2021, included in the Group's net current assets of $23,291,000 (2020: $7,626,000) were contract assets of $76,044,000 (2020: $72,479,000) which will be converted to trade receivables upon issuance of invoices. The Group progressively invoices the customers on progress claims based on progress milestone as agreed by customers, where the Group has right over payment over the value of services transferred to the customer. The outbreak of the COVID-19 pandemic and the measures adopted by the Singapore Government to mitigate the spread of the virus have negatively impacted the Group's financial performance during the financial year and also its liquidity position.

Notwithstanding the above, management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of preparation of these financial statements remains appropriate based on the following factors:

i. The Group is able to generate sufficient cash flows from their operations to meet their current and future obligations;

ii. The banking facilities from their bankers for their working capital requirements for the next twelve months will be available as and when required; and

iii. Two of the directors of the Company have voluntarily undertake to provide financial support to Huationg Contractor Pte Ltd, a subsidiary of the Group up to a maximum amount of $8,000,000 to ensure Huationg Contractor Pte Ltd will be able to meet its obligations as when they fall due for at least 12 months from 9 March 2022.

Based on the above factors, the financial statements have been prepared on a going concern basis.

Key sources of estimation uncertainty

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

Civil engineering contract works

The Group recognises contract revenue over time by reference to the stage of completion of the contract work. The stage of completion is determined by reference to the contract costs incurred to-date relative to the estimated total contract costs for the contract.

Significant assumptions are used to estimate the total contract revenue (including variation of claims) and total contract costs (including estimated costs to complete), at the inception of the contract and at the end of each reporting period. In making these estimates, management has relied on past experience and knowledge of the contract team.

The carrying amounts of the Group's contract assets and contract liabilities as at 31 December 2021 were $76,044,000 (2020: $72,479,000) and $4,399,000 (2020: $11,334,000) respectively (Note 15).

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Estimating expected credit loss allowance on trade receivables (including retention sums) and contract assets

The Group has applied the simplified approach within SFRS(I) 9, based on lifetime ECL, in determining the loss allowance on trade receivables (including retention sums) and contract assets at the end of each reporting period.

The Group determined the ECL of trade receivables (including retention sums) and contract assets by segregating amounts due from government agencies and debtors who are also the Group's suppliers with amounts due from are lower than amount due to the same counterparties where the associated credit risk is not significant and credit-impaired debtors, and using a provision matrix for the remaining trade receivables (including retention sums) and contract assets. The Group further categorises the remaining trade receivables based on days past due. The ECL rates for each category of the remaining debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current condition and forward-looking information which is based on assumptions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment as disclosed in Note 32(b).

As the calculation of loss allowance on trade receivables (including retention sums) and contract assets is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables (including retention sums) and contract assets.

During the financial year, a reversal of loss allowance on trade receivables (including retention sums) of $25,000 (2020: loss allowance of $1,220,000) was recognised in the Group's profit or loss. The carrying amount of the Group's trade receivables (including retention sums) as at 31 December 2021 were approximately $29,813,000 (2020: $44,379,000) (Note 18).

During the financial year, the loss allowance on contract assets of $2,365,000 (2020: $4,443,000) was recognised in the Group's profit or loss. The carrying amount of the Group's contract assets as at 31 December 2021 were approximately $76,044,000 (2020: $72,479,000) (Note 15).

Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there are any indicators of impairment for investments in subsidiaries. Investments in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the business and a suitable terminal growth rate and discount rate, in order to determine the present value of those cash flows.

The carrying amount of the Company's investments in subsidiaries as at 31 December 2021 was $41,735,000 (2020: $41,735,000) (Note 12).

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows.

The carrying amounts of the Group's property, plant and equipment and right-of-use assets as at 31 December 2021 was $42,328,000 (2020: $38,028,000) (Note 9) and $54,191,000 (2020: $69,760,000) (Note 10) respectively.

Depreciation of property, plant and equipment

The Group depreciates property, plant and equipment on a straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economic, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges.

The carrying amounts of the Group's property, plant and equipment as at 31 December 2021 was $42,328,000 (2020: $38,028,000) (Note 9).

Income taxes

Significant judgement is involved in determining the provision for income taxes. The Group recognises expected liabilities for income tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

The carrying amounts of the Group's current income tax recoverable, current income tax payable and deferred tax liabilities as at 31 December 2021 were $Nil (2020: $429,000), $669,000 (2020: $Nil) and $3,557,000 (2020: $3,972,000) respectively.

4. Revenue

(a) Disaggregation of revenue

	Group	
	2021	2020
	$'000	$'000
By nature		
Revenue from civil engineering contract works	**153,069**	105,071
Inland logistics support service income	**12,070**	9,264
Sales of construction materials	**4,173**	1,623
Dormitory operations	**1,129**	–
	170,441	115,958
By timing of revenue recognition		
At a point in time	**16,243**	10,887
Over time	**154,198**	105,071
	170,441	115,958

(b) Transaction price allocated to remaining performance obligations

The transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) in relation to civil engineering contract works are as follows:

	Remaining performance obligations	
	2021	2020
	$'000	$'000
Group		
Within two years	**180,032**	228,791
Later than two years and not later than five years	**52,454**	79,806
Later than five years	**854**	20,742
	233,340	329,339

5. Other income

	Group	
	2021	2020
	$'000	$'000
Amortisation of gain on sale and leaseback transactions	**685**	793
Fair value gain of financial assets at FVTPL	**185**	179
Gain on settlement of derivative financial instruments	**20**	262
Government grants income*	**3,800**	7,515
Insurance claim monies received	**800**	157
Gain on disposal of property, plant and equipment and right-of-use assets	**125**	156
Interest income from		
- banks	**5**	3
- financial assets at FVOCI (Note 16)	**55**	55
Lease income from other operating facilities	**685**	444
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	**11**	10
Sundry income	**1,788**	850
	8,159	10,424

* Government grants income of $2,028,000 (2020: $1,622,000) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and had been extended up to 2021 by the Singapore Government.

Government grants income of $1,425,000 (2020: $3,479,000) was recognised during the financial year under the Foreign Worker Levy ("FWL") rebate. The FWL rebate is a cash grant from the Singapore Government to support businesses employing foreign workers on work permits and S-passes that had to suspend operations during the circuit breaker period and it was further extended for businesses that were not able to resume operations after the circuit breaker period and all businesses in the Construction, Marine Shipyard, and Process ("CMP") sectors. In determining the recognition of the FWL rebate grant income, management regards the salary and related costs of foreign workers incurred from April 2020 onwards as the related costs for which the grant is intended to compensate.

Government grants income of $Nil (2020: $2,203,000) was recognised during the financial year under Construction Restart Booster. The cash grant from the Singapore Government is to help construction firms defray costs in procuring additional materials/equipment to comply with COVID-Safe Worksite requirements to ensure works resume safely. The grant income was recognised from the third quarter of 2020 onwards when the Group resume works on its construction projects.

6. Finance costs

	Group	
	2021	2020
	$'000	$'000
Interest expenses		
- bank overdrafts	**1**	1
- lease liabilities (Note 23)	**1,389**	1,681
- late payment	**5**	1
- revolving loans (Note 24)	**351**	820
- term loans (Note 24)	**400**	336
- trust receipts/letter of credits (Note 24)	**427**	529
	2,573	3,368
Bank charges	**205**	195
	2,778	3,563

7. Profit/(loss) before income tax

In addition to those disclosed elsewhere in the financial statements, profit/(loss) before income tax is arrived at after charging/(crediting) the following:

		Group	
		2021	2020
	Note	**$'000**	$'000
Cost of sales and services			
Employee benefits expense			
- salaries, wages and other benefits		**19,533**	14,369
- contribution to Central Provident Fund		**257**	160
Depreciation of property, plant and equipment	9	**7,933**	7,603
Depreciation of right-of-use assets	10	**10,070**	11,787
Diesel/fuel costs		**13,725**	8,300
Material costs		**22,143**	23,296
Short-term lease expense			
- trucks and equipment	23	**3,021**	2,739
- rental of premises	23	**484**	885
Repair and maintenance		**9,071**	5,081
Subcontract costs		**55,440**	31,697
Administrative expenses			
Employee benefits expense			
- salaries, wages and other benefits		**14,363**	11,141
- contribution to Central Provident Fund		**784**	741
Directors' fees		**125**	125
Directors' remuneration			
- salaries, wages and other benefits		**1,478**	1,170
- contribution to Central Provident Fund		**51**	51
Audit fees paid/payable to:			
- auditor of the Company		**125**	85
- other auditors		**5**	4
Non-audit fees by auditor of the Company		**25**	15
Depreciation of property, plant and equipment	9	**360**	487
Depreciation of right-of-use assets	10	**237**	266
Short-term lease expense			
- construction site and other operating facilities	23	**424**	61
Other expenses			
Amortisation of intangible assets	14	**16**	15
Loss on lease modification	23	**272**	78
Penalty and fine		**28**	18
Foreign exchange loss, net		**90**	36
(Reversal of)/loss allowance on trade receivables and contract assets			
(Reversal of)/loss allowance on trade receivables	18	**(25)**	1,220
Loss allowance on contract assets	15	**2,365**	4,443

8. Income tax expense/(credit)

	Group	
	2021	2020
	$'000	$'000
Current income tax		
- current financial year	**648**	8
- under/(over) provision in prior financial years	**74**	(298)
	722	(290)
Deferred tax (Note 26)		
- current financial year	**(54)**	(2,083)
- over provision in prior financial years	**(424)**	(876)
- reversal of deferred tax liabilities on revaluation upon depreciation	**(48)**	(118)
	(526)	(3,077)
	196	(3,367)
Deferred tax charged/(credited) to other comprehensive income		
- current financial year (Note 26)	**111**	(14)

Reconciliation of effective income tax rate

Singapore income tax is calculated at 17% (2020: 17%) of the estimated assessable profit for the financial year. The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate to profit/(loss) before income tax as a result of the following differences:

	Group	
	2021	2020
	$'000	$'000
Profit/(loss) before income tax	**5,382**	(10,765)
Income tax calculated at Singapore's statutory tax rate	**915**	(1,830)
Tax effects of:		
- income not subject to tax	**(407)**	(501)
- expenses not deductible for tax purposes	**261**	447
- tax rebates and enhanced allowances	**(39)**	(149)
- Singapore statutory income exemption and incentives	**(43)**	(10)
- effects of results of joint venture presented net of tax	**(173)**	(156)
- deferred tax asset not recognised	**31**	–
- under/(over) provision of current income tax in prior financial years	**74**	(298)
- over provision of deferred tax in prior financial years	**(424)**	(876)
- others	**1**	6
	196	(3,367)

9. Property, plant and equipment

	Leasehold properties $'000	Computers $'000	Container offices $'000	Office equipment and electrical fittings $'000	Plant and machineries $'000	Worksite equipment $'000	Trucks and vehicles $'000	Total $'000
Group								
Cost or valuation								
Balance as at 1.1.2021	18,000	548	445	839	54,969	6,496	22,111	103,408
Additions	–	110	14	46	3,508	1,396	946	6,020
Reclassified to right-of-use assets upon obtaining financing through leases (Note 10)	–	–	–	–	(2,731)	(1,294)	(366)	(4,391)
Reclassified from right-of-use assets upon full payment (Note 10)	–	–	–	–	18,881	–	3,847	22,728
Disposals	–	(1)	–	(8)	(418)	(94)	(67)	(588)
Revaluation	(250)	–	–	–	–	–	–	(250)
Balance as at 31.12.2021	**17,750**	**657**	**459**	**877**	**74,209**	**6,504**	**26,471**	**126,927**
Representing:								
At cost	–	657	459	877	74,209	6,504	26,471	109,177
At valuation	17,750	–	–	–	–	–	–	17,750
	17,750	**657**	**459**	**877**	**74,209**	**6,504**	**26,471**	**126,927**
Accumulated depreciation								
Balance as at 1.1.2021	–	493	307	695	42,675	4,232	16,862	65,264
Depreciation (Note 7)	905	56	46	37	4,051	901	2,297	8,293
Reclassified to right-of-use assets upon obtaining financing through leases (Note 10)	–	–	–	–	(73)	(126)	(3)	(202)
Reclassified from right-of-use assets upon full payment (Note 10)	–	–	–	–	10,537	–	1,944	12,481
Disposals	–	(1)	–	(1)	(376)	(47)	(56)	(481)
Elimination of depreciation on revaluation	(905)	–	–	–	–	–	–	(905)
Balance as at 31.12.2021	**–**	**548**	**353**	**731**	**56,814**	**4,960**	**21,044**	**84,450**
Accumulated impairment losses								
Balance as at 1.1.2021	–	–	–	–	116	–	–	116
Reclassified from right-of-use assets upon full payment (Note 10)	–	–	–	–	37	–	–	37
Disposals	–	–	–	–	(4)	–	–	(4)
Balance as at 31.12.2021	**–**	**–**	**–**	**–**	**149**	**–**	**–**	**149**
Net carrying amount								
Balance as at 31.12.2021	**17,750**	**109**	**106**	**146**	**17,246**	**1,544**	**5,427**	**42,328**

9. Property, plant and equipment (cont'd)

	Leasehold properties $'000	Computers $'000	Container offices $'000	Office equipment and electrical fittings $'000	Plant and machineries $'000	Worksite equipment $'000	Trucks and vehicles $'000	Total $'000
Group								
Cost or valuation								
Balance as at 1.1.2020	19,400	503	342	827	44,794	5,553	19,486	90,905
Additions	–	45	103	14	8,593	943	527	10,225
Reclassified to right-of-use assets upon obtaining financing through leases (Note 10)	–	–	–	–	(12,568)	–	–	(12,568)
Reclassified from right-of-use assets upon full payment (Note 10)	–	–	–	–	14,450	–	2,759	17,209
Disposals	–	–	–	(2)	(300)	–	(661)	(963)
Revaluation	(1,400)	–	–	–	–	–	–	(1,400)
Balance as at 31.12.2020	18,000	548	445	839	54,969	6,496	22,111	103,408
Representing:								
At cost	–	548	445	839	54,969	6,496	22,111	85,408
At valuation	18,000	–	–	–	–	–	–	18,000
	18,000	548	445	839	54,969	6,496	22,111	103,408
Accumulated depreciation								
Balance as at 1.1.2020	–	440	275	648	32,118	3,444	14,121	51,046
Depreciation (Note 7)	1,316	53	32	48	3,962	788	1,891	8,090
Reclassified to right-of-use assets upon obtaining financing through leases (Note 10)	–	–	–	–	(486)	–	–	(486)
Reclassified from right-of-use assets upon full payment (Note 10)	–	–	–	–	7,381	–	1,355	8,736
Disposals	–	–	–	(1)	(300)	–	(505)	(806)
Elimination of depreciation on revaluation	(1,316)	–	–	–	–	–	–	(1,316)
Balance as at 31.12.2020	–	493	307	695	42,675	4,232	16,862	65,264
Accumulated impairment losses								
Balance as at 1.1.2020	–	–	–	–	116	–	36	152
Disposals	–	–	–	–	–	–	(36)	(36)
Balance as at 31.12.2020	–	–	–	–	116	–	–	116
Net carrying amount								
Balance as at 31.12.2020	18,000	55	138	144	12,178	2,264	5,249	38,028

9. Property, plant and equipment (cont'd)

The Group's leasehold properties as at 31 December 2021 with a fair value of $17,750,000 (2020: $18,000,000) were pledged as securities for the banking facilities granted to the Group (Note 24).

During the financial year, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2021	2020
	$'000	$'000
Additions to property, plant and equipment	**6,020**	10,225
Reclassified to right-of-use assets upon obtaining financing through leases	**(3,809)**	(8,432)
Unpaid amount included under trade and other payables*	**(448)**	(1,030)
Cash payments to acquire property, plant and equipment	**1,763**	763

* The amount could subsequently be either financed through leases or settled in cash.

Particulars of the leasehold properties held by the Group are as follows:

Location	**Description**	**Tenure**
3 Kranji Loop Singapore 739539	Industrial building with a floor area of 2,213 square metre	30 years from 1 April 1981 (extended until 30 June 2022)
9 Benoi Crescent Singapore 629972	Industrial building, including a 3-storey dormitory, with a floor area of 8,457 square metre	52 years from 1 January 1989 (expiring 31 December 2040)

The Group's leasehold properties were revalued on 31 December 2021 and 31 December 2020 by an accredited independent valuation firm. The fair value of the Group's leasehold properties on 31 December 2021 has been determined based on the market comparison approach that reflects most recent transaction prices for similar properties, after adjusting for relevant factors such as property size. The revaluation increase of $655,000 (2020: decrease of $84,000) net of tax charge of $111,000 (2020: tax credit of $14,000) arising from the revaluations have been credited (2020: debited) to other comprehensive income and accumulated in equity under asset revaluation reserve (Note 21). The valuation conforms to International Valuation Standards and is based on the asset's highest and best use, which is in line with their actual use. There were no changes to the valuation techniques during the financial year. Details of valuation techniques and inputs used are disclosed in Note 34.

If the revalued leasehold properties of the Group had been included in the financial statements at historical cost less accumulated depreciation and accumulated impairment loss, if any, the carrying amount as at 31 December 2021 would have been approximately $11,702,000 (2020: $12,324,000).

10. Right-of-use assets

The Group has lease contracts for land-use-rights for leasehold properties and construction sites, machineries, trucks and vehicles and worksite equipment. The Group's obligation under these leases are secured by the lessor's title to the leased assets. There are no externally imposed restrictions on these lease arrangements for right-of-use assets. Except for the land-use-rights for leasehold properties and construction sites, the Group is not restricted from assigning and subleasing the leased assets.

	Land-use-rights $'000	Machineries $'000	Worksite equipment $'000	Trucks and vehicles $'000	Total $'000
Group					
Cost					
Balance as at 1.1.2021	4,242	69,942	75	20,052	94,311
Additions	–	1,746	–	1,148	2,894
Reclassified from property, plant and equipment upon obtaining financing through leases (Note 9)	–	2,731	1,294	366	4,391
Modification to lease terms	–	–	–	(3,813)	(3,813)
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(18,881)	–	(3,847)	(22,728)
Balance as at 31.12.2021	**4,242**	**55,538**	**1,369**	**13,906**	**75,055**
Accumulated depreciation					
Balance as at 1.1.2021	250	19,978	30	4,227	24,485
Depreciation (Note 7)	258	7,399	145	2,505	10,307
Reclassified from property, plant and equipment upon obtaining financing through leases (Note 9)	–	73	126	3	202
Modification to lease terms	–	–	–	(1,678)	(1,678)
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(10,537)	–	(1,944)	(12,481)
Balance as at 31.12.2021	**508**	**16,913**	**301**	**3,113**	**20,835**
Accumulated impairment losses					
Balance as at 1.1.2021	–	66	–	–	66
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(37)	–	–	(37)
Balance as at 31.12.2021	**–**	**29**	**–**	**–**	**29**
Net carrying amount					
Balance as at 31.12.2021	**3,734**	**38,596**	**1,068**	**10,793**	**54,191**

10. Right-of-use assets (cont'd)

	Land-use-rights $'000	Machineries $'000	Worksite equipment $'000	Trucks and vehicles $'000	Total $'000
Group					
Cost					
Balance as at 1.1.2020	5,917	72,531	75	27,653	106,176
Cost reclassification against accumulated depreciation	–	(149)	–	(1,835)	(1,984)
Additions	–	428	–	1,169	1,597
Reclassified from property, plant and equipment upon obtaining financing through leases (Note 9)	–	12,568	–	–	12,568
Modification to lease terms	(1,675)	(449)	–	(4,176)	(6,300)
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(14,450)	–	(2,759)	(17,209)
Disposals	–	(537)	–	–	(537)
Balance as at 31.12.2020	4,242	69,942	75	20,052	94,311
Accumulated depreciation					
Balance as at 1.1.2020	947	19,223	15	5,964	26,149
Cost reclassification against accumulated depreciation	–	(149)	–	(1,835)	(1,984)
Depreciation (Note 7)	691	8,091	15	3,256	12,053
Reclassified from property, plant and equipment upon obtaining financing through leases (Note 9)	–	486	–	–	486
Modification to lease terms	(1,388)	(55)	–	(1,803)	(3,246)
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(7,381)	–	(1,355)	(8,736)
Disposals	–	(237)	–	–	(237)
Balance as at 31.12.2020	250	19,978	30	4,227	24,485
Accumulated impairment losses					
Balance as at 1.1.2020	–	66	–	–	66
Balance as at 31.12.2020	–	66	–	–	66
Net carrying amount					
Balance as at 31.12.2020	3,992	49,898	45	15,825	69,760

10. Right-of-use assets (cont'd)

The useful life of the right-of-use assets are as follows:

	Years
Land-use-rights	Remaining lease period of between 1 and 20 years
Machineries	6-10 years
Worksite equipment	5 years
Trucks and vehicles	6-10 years

Included in the above, machineries with net carrying amount of $38,305,000 (2020: $49,510,000), trucks and vehicles with net carrying amount of $7,510,000 (2020: $9,061,000) and worksite equipment with net carrying amount of $1,068,000 (2020: $45,000) are secured over the lease liabilities of $32,969,000 (2020: $41,431,000) as at 31 December 2021.

The carrying amounts of lease liabilities, movements during the financial year and the maturity analysis of lease liabilities are disclosed in Note 23 and Note 32(b) respectively.

The Group has several lease contracts that include extension options. The options are negotiated by management to provide flexibility in managing the leased assets portfolio and align with the Group's business needs.

11. Financial assets at FVTPL

	Group	
	2021	2020
	$'000	$'000
Investments in life insurances, at fair value		
Current		
- Life Insurance Policy I	**2,744**	–
Non-current		
- Life Insurance Policy I	**–**	2,600
- Life Insurance Policy II	**2,949**	2,787
	2,949	5,387
	5,693	5,387

Movements of investments in life insurances are as follows:

	Group	
	2021	2020
	$'000	$'000
Balance as at the beginning of the financial year	**5,387**	5,315
Unrealised foreign exchange gain/(loss) recognised in profit or loss	**121**	(107)
Fair value gain recognised in profit or loss	**185**	179
Balance as at the end of the financial year	**5,693**	5,387

During the financial year ended 31 December 2014, the Group entered into a Flexible Premium Universal Life Insurance Policy - Asian Wealth Prestige Plus (the "Policy I") for an Executive Director of the Company with a single premium amounting to US$1,929,910 (approximately $2,410,458) by taking up a term loan (Note 24). Policy I's total initial sum insured is US$10,000,000, and has a guaranteed return of 4.20% per annum within the 5 years lock-in period.

11. Financial assets at FVTPL (cont'd)

During the financial year ended 31 December 2015, the Group entered into a Life Insurance Policy - PruUniversal Vantage Zenith (the "Policy II") for an Executive Director of the Company with a single premium amounting to US$2,296,910 (approximately $3,116,447) by taking up a revolving loan (Note 24). Policy II's total initial sum insured is US$12,000,000, and has a guaranteed return of 3.60% per annum within the 1 year lock-in period.

Policy I and Policy II (collectively known as the "Policies") both provide the Group with the sum insured or return on investment when the Policies are surrendered to the insurer based on the cash value as determined by the insurer.

5 years from the date of the Policies taken up by the Group on the life of the Director, the Director shall become the beneficiary of the Policies and be entitled to (a) all payments and other benefits arising therefrom after deducting for the amounts paid under the respective loans (Note 24), as well as (b) the surrender value of the insurance policies.

During the financial year ended 31 December 2019, the Group and the Director agreed to extend the transfer of the beneficiary of Policy I to the Director for another 3 years to 2022. During the previous financial year ended 31 December 2020, the Company and the Director also agreed to extend the transfer of the beneficiary of Policy II to the Director for another 3 years to 2023.

The initial cash value of the Policies was recognised as financial assets at FVTPL. The difference between the premium paid and the initial cash value was recognised as prepayments and amortised over 5 years.

The investments in life insurances are denominated in United States dollars.

12. Investments in subsidiaries

	Company	
	2021	2020
	$'000	$'000
Unquoted equity shares, at cost	**41,735**	41,735

12. Investments in subsidiaries (cont'd)

Country of incorporation and principal place of business for all the subsidiaries are in Singapore. The details of the subsidiaries are as follows:

Name of companies	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by the non-controlling interests	
		2021	2020	**2021**	2020
		%	%	**%**	%
Held by the Company					
Huationg Contractor Pte Ltd [1]	Provision of civil engineering services and inland construction logistics support	**100**	100	**–**	–
Soil Engineering Pte. Ltd. [1]	Supply of construction materials	**100**	100	**–**	–
HT Equipment Pte. Ltd. [1]	Provision of industrial machinery and equipment rental services	**75**	75	**25**	25
Changi East Dorm Private Limited [1][3]	Provision of dormitory operating services	**100**	100	**–**	–
Held by Huationg Contractor Pte Ltd					
Banyan Capital Pte. Ltd. [2]	General contractors and other investment holding company	**100**	100	**–**	–
Held by Changi East Dorm Private Limited					
Changi East Dorm Dwall Private Limited [1][3]	Dormant	**51**	51	**49**	49

(1) Audited by Baker Tilly TFW LLP, Singapore

(2) Audited by RSM Chio Lim LLP, Singapore

(3) Unaudited as these subsidiaries are not significant to the Group for the financial year ended 31 December 2020

Incorporation of subsidiaries

In the previous financial year ended 31 December 2020, the Group incorporated a wholly-owned subsidiary known as Changi East Dorm Private Limited ("CE Dorm") in the Republic of Singapore, with an issued and paid-up share capital of $2.

In the previous financial year ended 31 December 2020, the Group had, through its wholly-owned subsidiary, CE Dorm incorporated a 51% owned subsidiary known as Changi East Dorm Dwall Private Limited ("CE Dorm Dwall") in the Republic of Singapore, with an issued and paid-up share capital of $100. CE Dorm Dwall remains dormant as at 31 December 2021.

12. Investments in subsidiaries (cont'd)

Non-controlling interests

Summarised financial information in relation to the subsidiary that has non-controlling interests ("NCI") that are considered by management to be material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	HT Equipment Pte. Ltd.	
	2021	2020
	$'000	$'000
Revenue	**1,926**	1,441
(Loss)/profit before income tax	**(623)**	274
Income tax credit	**71**	18
(Loss)/profit for the financial year	**(552)**	292
Total comprehensive (loss)/income for the financial year	**(552)**	292
(Loss)/profit allocated to NCI	**(138)**	73
Total comprehensive (loss)/income allocated to NCI	**(138)**	73
Cash flows from operating activities	**265**	353
Cash flows used in financing activities	**(376)**	(340)
Net cash (outflows)/inflows	**(111)**	13
Assets:		
Current assets	**504**	1,410
Non-current assets	**1,712**	1,052
Liabilities:		
Current liabilities	**5,881**	5,512
Non-current liabilities	**109**	172
Net liabilities	**(3,774)**	(3,222)
Accumulated non-controlling interests	**(944)**	(806)

Company level - Impairment review of investment in subsidiaries

During the financial year, management performed an impairment test for the investment in HT Equipment Pte. Ltd. ("HTE") and Soil Engineering Pte. Ltd. ("SEPL") as these subsidiaries had been making net losses during the current financial year and HTE's total liabilities also exceeded its total assets as at 31 December 2021. The cost of investment in HTE and SEPL amounted to $1,016,000 and $9,703,000 respectively as at 31 December 2021. Based on management's assessment, no allowance for impairment loss on investments in subsidiaries is necessary at the end of the reporting period.

The recoverable amounts of these investments are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the budgeted revenue growth rate, budgeted gross margin, terminal year growth rate and discount rate. Management estimates discount rate using pre-tax rate that reflects current market assessment of the time value of money and the risks specific to their industry. The budgeted revenue growth rate is based on past performances and management's assessment of future trends and developments in the market. Budgeted gross margin is based on past performances.

12. Investments in subsidiaries (cont'd)

<u>Company level - Impairment review of investment in subsidiaries</u> (cont'd)

Key assumptions used in value-in-use calculations

HTE

The value-in-use calculations as at 31 December 2021 used cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period using estimated average annual budgeted revenue growth rate of 21% and average budgeted gross margin of 6% over the next 5 years. Cash flows beyond the five-year period were extrapolated using an estimated terminal value growth rate of 2%. This rate does not exceed the average long-term growth rate for the relevant markets. The pre-tax rate used to discount the forecast cash flows is 8.78% (2020: 11.00%).

SEPL

The value-in-use calculations as at 31 December 2021 used cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period using estimated average annual budgeted revenue growth rate of 16% and average budgeted gross margin of 31% over the next 5 years. Cash flows beyond the five-year period were extrapolated using an estimated terminal value growth rate of 2%. This rate does not exceed the average long-term growth rate for the relevant markets. The pre-tax rate used to discount the forecast cash flows is 7.9% (2020: 8.31%).

Sensitivity to changes in assumptions

The sensitivity analysis on the changes in these key assumptions on the recoverable amounts of the investments in subsidiaries are as follows:

HTE

The following possible changes in the key assumptions used in the value-in-use calculations would result in impairment charge required for the investment in HTE as at 31 December 2021:

	Estimated recoverable amount $'000	Impairment charge required $'000
Budgeted revenue growth rate - 1% point lower	**712**	**304**
Budgeted gross margin - 1% point lower	**538**	**478**
Terminal year growth rate - 1% point lower	**802**	**214**
Discount rate - 1% point higher	**761**	**255**

SEPL

With regards to the assessment of value-in-use for the investment in SEPL, management believes that the change in the estimated recoverable amount from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amount to be materially lower than the carrying value of the investment in SEPL.

13. Investment in a joint venture

	Group	
	2021	2020
	$'000	$'000
Unquoted equity shares		
Balance as at the beginning of the financial year	**706**	2,791
Share of post-acquisition results	**1,016**	915
Dividend paid	**–**	(3,000)
Balance as at the end of the financial year	**1,722**	706

The details of the joint venture are as follows:

Name of joint venture	**Country of incorporation and principal place of business**	**Principal activities**	**Effective equity interest held by the Group**	
			2021	2020
			%	%
Golden Empire-Huationg Pte. Ltd. [(1)]	Singapore	Civil engineering and mixed construction and land reclamation works	**33.3**	33.3

(1) Audited by RSM Chio Lim LLP, Singapore

Summarised financial information of the joint venture is presented below:

	Group	
	2021	2020
	$'000	$'000
Assets:		
Current assets	**7,773**	5,117
Non-current assets	**16**	48
Liabilities:		
Current liabilities	**2,622**	3,041
Non-current liabilities	**1**	6
Net assets	**5,166**	2,118
Included in the above amounts are:		
Cash and cash equivalents	**6,150**	2,321
Reconciliation to carrying amounts:		
Opening net assets	**2,118**	8,372
Profit for the financial year	**3,048**	2,746
Dividend appropriation	–	(9,000)
Closing net assets	**5,166**	2,118
Group's share in %	**33.3%**	33.3%
Group's share in $	**1,722**	706
Carrying amount	**1,722**	706

13. Investment in a joint venture (cont'd)

	Group	
	2021	2020
	$'000	$'000
The Group's share of profit for the financial year	**1,016**	915
Summarised statement of comprehensive income		
Revenue	**13,925**	13,887
Profit for the financial year representing total comprehensive income	**3,048**	2,746
Included in the above amounts are:		
Depreciation and amortisation	**19**	21
Income tax expense	**622**	476

On 10 February 2022, the joint venture declared an interim exempt (one-tier) dividend of $5.882 per ordinary share to be paid out to the Group amounting to $1,000,000.

14. Intangible assets

	Trademarks $'000	Club membership $'000	Total $'000
Group			
Cost			
Balance as at 1.1.2021 and 31.12.2021	**141**	**54**	**195**
Accumulated amortisation			
Balance as at 1.1.2021	(57)	–	(57)
Amortisation for the financial year (Note 7)	(16)	–	(16)
Balance as at 31.12.2021	**(73)**	**–**	**(73)**
Accumulated impairment losses			
Balance as at 1.1.2021 and 31.12.2021	**–**	**(43)**	**(43)**
Net carrying amount			
Balance as at 31.12.2021	**68**	**11**	**79**
Cost			
Balance as at 1.1.2020 and 31.12.2020	141	54	195
Accumulated amortisation			
Balance as at 1.1.2020	(42)	–	(42)
Amortisation for the financial year (Note 7)	(15)	–	(15)
Balance as at 31.12.2020	(57)	–	(57)
Accumulated impairment losses			
Balance as at 1.1.2020 and 31.12.2020	–	(43)	(43)
Net carrying amount			
Balance as at 31.12.2020	84	11	95

14. Intangible assets (cont'd)

	Trademarks	
	2021	2020
	$'000	$'000
Company		
Cost		
Balance as at the beginning and end of the financial year	**26**	26
Accumulated amortisation		
Balance as at the beginning of the financial year	**(12)**	(9)
Amortisation for the financial year	**(3)**	(3)
Balance as at the end of the financial year	**(15)**	(12)
Net carrying amount		
Balance as at the end of the financial year	**11**	14

15. Contract assets/Contract liabilities

	Group		
	31.12.2021	31.12.2020	1.1.2020
	$'000	$'000	$'000
Contract assets	**83,679**	77,749	87,416
Less: Loss allowance	**(7,635)**	(5,270)	(827)
	76,044	72,479	86,589
Contract liabilities	**4,399**	11,334	148

The contract assets and contract liabilities arose from contracts with customers for civil engineering contract works, inland logistics support services and sales of construction materials.

The contract assets/contract liabilities are denominated in Singapore dollar.

Movements in loss allowance on contract assets were as follows:

	Group	
	2021	2020
	$'000	$'000
Balance as at the beginning of the financial year	**5,270**	827
Loss allowance made - simplified approach (Note 7)	**2,365**	4,443
Balance as at the end of the financial year	**7,635**	5,270

15. Contract assets/Contract liabilities (cont'd)

Significant changes in the contract assets and the contract liabilities during the financial year are as follows:

	Group	
	2021	2020
	$'000	$'000
Revenue recognised that was included in the contract liabilities balance at beginning of financial year	**11,198**	6
Transfers from the contract assets recognised at the beginning of financial year to trade receivables	**40,869**	42,214
Increases due to advances received, excluding amounts recognised as revenue during the year	**–**	7,782

16. Financial assets at FVOCI

	Group	
	2021	2020
	$'000	$'000
Financial assets measured at FVOCI		
Quoted debt securities, at fair value		
- Instrument I	**797**	783
- Instrument II	**32**	–
	829	783

Movements of investments in quoted debt securities are as follows:

	Group	
	2021	2020
	$'000	$'000
Balance as at the beginning of the financial year	**783**	952
Redemption during the financial year	**(9)**	(10)
Interest earned	**55**	55
Interest received	**(54)**	(55)
Fair value gain/(loss) recognised in other comprehensive income, net (Note 21)	**54**	(159)
Balance as at the end of the financial year	**829**	783

During the financial year, there was a redemption of 20,000 (2020: 20,000) units of the quoted debt security Instrument I at $20,000 (2020: $20,000) with a carrying amount of $9,000 (2020: $10,000). The Group has recognised a reversal of $11,000 (2020: $10,000), being part of allowance for impairment for financial assets at FVOCI made in the previous year and a reversal of $Nil (2020: $*), being the fair value loss recorded in the fair value reserve, as the financial assets were redeemed above the carrying amount.

* Less than one thousand Singapore dollar

16. Financial assets at FVOCI (cont'd)

Quoted debt securities

	Group			
	2021		2020	
	Coupon rate	**Maturity**	Coupon rate	Maturity
Instrument I*	**3.00%**	**1 October 2026**	3.00%	1 October 2026

* Pursuant to the passing of consent solicitation exercise on 30 January 2019 by the issuer of Instrument I, amongst other changes made relevant to Instrument I included:

(1) extension of the tenor of its existing note by another five years from the last maturity date (1 October 2021) to 1 October 2026; and

(2) revision of coupon rate to a base rate of 3% per annum and mandatory redemption rate to 1% per annum, payable semi-annually.

Management has the intention to dispose the remaining quoted debt securities within 12 months after the end of the reporting period.

The fair value of the above-mentioned debt securities is presented in Note 34.

The interest earned on the quoted debt securities amounting to $55,000 (2020: $55,000) is recognised in profit or loss under the "Other income" line item (Note 5).

The investments in quoted debt securities are denominated in Singapore dollar.

17. Inventories

	Group	
	2021	2020
	$'000	$'000
Raw materials	**222**	221
Hardware parts and consumables	**1,178**	1,050
	1,400	1,271

The cost of inventories recognised as expenses and recorded in "cost of sales and services" in profit or loss amounted to $18,023,000 (2020: $11,492,000).

18. Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables				
- third parties	**22,340**	36,698	**–**	–
- joint venture	**257**	296	**–**	–
Retention sums on construction contracts	**17,322**	17,761	**–**	–
	39,919	54,755	**–**	–
Less:				
Loss allowance[1]	**(10,106)**	(10,376)	**–**	–
	29,813	44,379	**–**	–
Other receivables				
- third parties	**445**	188	**–**	–
- employees	**102**	–	**–**	–
- subsidiaries	**–**	–	**1,000**	1,660
	547	188	**1,000**	1,660
Deposits				
- refundable	**706**	822	**–**	–
- non-refundable	**327**	277	**–**	–
	1,033	1,099	**–**	–
	31,393	45,666	**1,000**	1,660
Non-current				
Other receivable				
- a subsidiary	**–**	–	**10,798**	–
Trade and other receivables	**31,393**	45,666	**11,798**	1,660
Add/(less):				
Cash and cash equivalents	**10,346**	32,896	**319**	52
Goods and services tax receivables	**(62)**	–	**–**	–
Non-refundable deposits	**(327)**	(277)	**–**	–
Financial assets at amortised cost	**41,350**	78,285	**12,117**	1,712

[1] Includes loss allowance for retention sums on construction contracts of $1,505,000 (2020: $1,477,000).

Trade receivables from third parties and joint venture are unsecured, non-interest bearing and generally on 30 to 60 days' (2020: 30 to 60 days') credit terms.

Current amounts due from subsidiaries are unsecured, non-trade, non-interest bearing and repayable on demand and are to be settled in cash.

Non-current amount due from subsidiary is quasi-equity in nature and non-interest bearing. This amount will be used for subsequent subscription in the share capital of subsidiary in the foreseeable future.

These receivables are not secured by any collateral or credit enhancements.

18. Trade and other receivables (cont'd)

Movements in loss allowance on trade receivables and retention sums were as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Balance as at the beginning of the financial year	**10,376**	9,156	**–**	–
(Reversal of)/loss allowance made – simplified approach (Note 7)	**(25)**	1,220	**–**	–
Bad debts written off	**(245)**	–	**–**	–
Balance as at the end of the financial year	**10,106**	10,376	**–**	–

As at 31 December 2021, trade receivables of $245,000 were past due and fully impaired and written off. The receivables written off at the end of the financial year relate to customers which the recoverability is remote.

Trade receivables of approximately $4,835,000 (2020: $4,658,000) are subject to a negative pledge as security for the banking facilities as set out in Note 24.

Trade and other receivables are denominated in Singapore dollar.

19. Cash and cash equivalents

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Singapore dollar	**10,105**	32,085	**319**	52
United States dollar	**228**	571	**–**	–
British pound sterling	**–**	1	**–**	–
Euro	**13**	239	**–**	–
	10,346	32,896	**319**	52

20. Share capital

	Group and Company			
	Number of ordinary shares		**$'000**	$'000
	2021	2020	**2021**	2020
Issued and fully-paid				
Balance as at the beginning of the financial year	**151,384,600**	151,384,600	**38,676**	38,676
Issued during the financial year	**25,000,000**	–	**2,405**	–
Balance as at the end of the financial year	**176,384,600**	151,384,600	**41,081**	38,676

20. Share capital (cont'd)

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

During the financial year, the Company issued 25,000,000 placement shares at a placement price of S$0.09621 per placement share. The placement shares when allotted and issued will be free from encumbrances and shall be rank pari passu in all respects with all other existing ordinary shares in the share capital of the Company.

21. Other reserves

	Group	
	2021	2020
	$'000	$'000
Asset revaluation reserve	**9,876**	9,332
Merger reserve	**(26,160)**	(26,160)
Fair value reserve	**55**	1
	(16,229)	(16,827)

Asset revaluation reserve

The asset revaluation reserve arises from the revaluation of leasehold properties under property, plant and equipment and is not available for distribution.

	Group	
	2021	2020
	$'000	$'000
Balance as at the beginning of the financial year	**9,332**	9,402
Gain/(loss) on revaluation (Note 9)	**544**	(70)
Balance as at the end of the financial year	**9,876**	9,332

Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of subsidiaries acquired.

	Group	
	2021	2020
	$'000	$'000
Balance as at the beginning and end of the financial year	**(26,160)**	(26,160)

21. Other reserves (cont'd)

Fair value reserve

Fair value reserve represents the cumulative fair value changes of financial assets until they are derecognised or impaired.

	Group	
	2021	2020
	$'000	$'000
Balance as at the beginning of the financial year	**1**	(104)
Reclassification of fair value loss to profit or loss	**–**	264
Fair value gain/(loss) on financial assets at FVOCI (Note 16)	**54**	(159)
Reversal of fair value loss in financial assets at FVOCI upon redemption (Note 16)	**–**	–*
Balance as at the end of the financial year	**55**	1

* Less than one thousand Singapore dollar

During the financial year, the Group has recognised impairment loss of $Nil (2020: $264,000).

22. Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Trade payables				
- third parties	**26,309**	36,449	**–**	–
- related parties	**174**	8,719	**–**	–
Retention sums payable to subcontractors	**4,398**	3,115	**–**	–
	30,881	48,283	**–**	–
Other payables				
- third parties	**852**	1,336	**157**	109
- related parties*	**–**	3,224	**–**	–
- a subsidiary	**–**	–	**14**	–
- staff retention monies	**120**	130	**–**	–
- Directors	**63**	997	**63**	63
	1,035	5,687	**234**	172
Refundable deposits	**1,449**	606	**–**	–
Accrued operating expenses	**4,890**	4,179	**20**	20
	38,255	58,755	**254**	192

22. Trade and other payables (cont'd)

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current (cont'd)	**38,255**	58,755	**254**	192
Non-current				
Trade payables				
- a related party	**3,550**	–	**–**	–
Other payables				
- related parties*	**4,168**	–	**–**	–
- subsidiaries	**–**	–	**8,370**	–
- Directors	**1,066**	–	**–**	–
	8,784	–	**8,370**	–
Trade and other payables	**47,039**	58,755	**8,624**	192
Add/(less):				
Goods and services tax payable	**(316)**	(1,606)	**–**	–
Provision for unutilised leave	**(301)**	–	**–**	–
Lease liabilities	**40,995**	53,484	**–**	–
Bank borrowings	**57,649**	79,254	**–**	–
Financial liabilities at amortised cost	**145,066**	189,887	**8,624**	192

* Included balances of $3,140,000 (2020: $3,140,000) relating to amounts owing to former shareholders of subsidiaries (who are currently certain Directors of the Company and their immediate family members) for dividends declared by these subsidiaries before the shares of the Company were listed. As the related parties have undertaken to not demand repayment within the next 12 months from 31 December 2021, hence these balances are reclassified to non-current as at 31 December 2021.

Trade payables due to third parties are unsecured, non-interest bearing and generally on 30 to 60 days' (2020: 30 to 60 days') credit terms. Current trade payables due to related parties are unsecured, non-interest bearing and repayable on demand.

Non-current trade payables due to a related party is unsecured, non-interest bearing and the related party has undertaken to not demand repayment within the next 12 months from 31 December 2021.

Non-current amounts due to directors, related parties and subsidiaries are unsecured, non-interest bearing and these parties have undertaken to not demand repayment within the next 12 months from 31 December 2021.

Based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar types of lending arrangement which the management expects would be available to the Group and the Company at the end of the reporting period, the fair values of the Group's and the Company's non-current trade and other payables at the end of the reporting period approximate their carrying amounts at the end of the reporting period. This fair value measurement for disclosure purposes is categorised in the Level 3 of the fair value hierarchy.

Trade and other payables are denominated in Singapore dollar.

23. Lease liabilities

Represented by:

	Group	
	2021	2020
	$'000	$'000
Non-current	**25,834**	37,805
Current	**15,161**	15,679
	40,995	53,484

Reconciliation of movement of lease liabilities to cash flows arising from financing activities:

	Group	
	2021	2020
	$'000	$'000
Balance as at the beginning of the financial year	**53,484**	57,933
Settlement of acquisition of property, plant and equipment under trade and other payables via leases	**4,422**	12,115
Additions	**2,894**	1,597
Modifications to lease terms	**(2,135)**	(3,054)
Loss on lease modification (Note 7)	**272**	78
Interest expense (Note 6)	**1,389**	1,681
Lease payments		
- Principal portion	**(18,171)**	(15,453)
- Interest portion	**(1,160)**	(1,413)
Balance as at the end of the financial year	**40,995**	53,484

Amounts recognised in profit or loss:

Depreciation of right-of-use assets (Notes 7 and 10)	**10,307**	12,053
Interest expense on lease liabilities (Note 6)	**1,389**	1,681
Short-term lease expense not recognised in lease liabilities:		
- trucks and equipment (Note 7)	**3,021**	2,739
- rental of premises (Note 7)	**484**	885
- construction site and other operating facilities (Note 7)	**424**	61
Loss on lease modification (Note 7)	**272**	78
Total amount recognised in profit or loss	**15,897**	17,497

Total Group's cash flows for leases amounted to $23,260,000 (2020: $20,551,000).

The Group leases land-use-rights, machineries, worksite equipment, trucks and vehicles. The annual rental are subject to annual revision based on prevailing market rate. Certain lease of machineries contains a purchase option. The Group will only include this option in determining the lease liability when it is reasonably certain that the option will be exercised.

During the financial year, the rental rates for certain trucks and vehicles (2020: machineries, trucks and vehicles) were reviewed and revised based on prevailing market rate, resulting in a loss on lease modification of $272,000 (2020: $78,000). The lease term was 1 to 20 years (2020: 1 to 21 years).

The Group's lease liabilities of $32,969,000 (2020: $41,431,000) was secured over certain machineries and vehicles (Note 10) and a corporate guarantee by the Company (Note 32).

The maturity analysis of the lease liabilities is disclosed in Note 32.

24. Bank borrowings

	Group	
	2021	2020
	$'000	$'000
Current		
Secured		
Revolving loan I	**6,000**	6,000
Revolving loan II	**2,767**	2,871
Term loan II	**660**	660
Term loan III	**590**	1,162
Term loan VI	**2,608**	–
Term loan VII	**1,933**	–
Temporary bridging loan	**393**	385
Trust receipts/letter of credits I	**13,753**	14,296
	28,704	25,374
Unsecured		
Trust receipts/letter of credits II	**7,023**	14,456
Revolving loan III	**–**	1,000
Revolving loan IV	**2,000**	15,000
Revolving loan V	**1,600**	1,800
Revolving loan VI	**1,500**	1,500
Revolving loan VII	**625**	2,500
Term loan IV	**1,128**	1,164
Term loan V	**59**	343
Temporary bridging loan	**750**	500
	14,685	38,263
Total current bank borrowings	**43,389**	63,637
Non-current		
Secured		
Term loan II	**6,050**	6,710
Term loan III	**–**	592
Term loan VI	**–**	2,552
Term loan VII	**4,670**	–
Temporary bridging loan	**1,094**	1,488
Unsecured		
Term loan IV	**571**	1,716
Term loan V	**–**	59
Temporary bridging loan	**1,875**	2,500
Total non-current bank borrowings	**14,260**	15,617
Total bank borrowings	**57,649**	79,254

24. Bank borrowings (cont'd)

The weighted average effective interest rates per annum of the borrowings were as follows:

	Group	
	2021	2020
	%	%
Revolving loans	**1.73**	2.37
Term loans	**1.78**	2.19
Temporary bridging loans	**2.09**	2.10
Trust receipts/letter of credits	**1.74**	1.89

The revolving loan I is secured through the legal mortgage over a leasehold property of the Group (Note 9) and first legal assignment of all the rights, title, interests and benefits arising from Policy I (Note 11).

Revolving loan II is secured through the first legal assignment of all the rights, title, interests and benefits arising from Policy II (Note 11).

Term loan II is repayable over a period of 20 years by monthly instalments till February 2032. As at 31 December 2021 and 31 December 2020, term loan II is secured by the legal mortgage over a leasehold property of the Group (Note 9).

Term loan III is repayable over a period of 4 years by monthly instalments till June 2022. As at 31 December 2021 and 31 December 2020, term loan III is secured through the legal mortgage over a leasehold property of the Group (Note 9).

Term loan IV is repayable over a period of 4.5 years by monthly instalments commencing from November 2019.

Term loan V is repayable over a period of 3 years by monthly instalments commencing from February 2019.

Term loan VI is repayable in full in year 2022. As at 31 December 2021 and 31 December 2020, term loan VI is secured through the legal mortgage over a leasehold property of the Group (Note 9) and first legal assignment of all the rights, title, interests and benefits arising from Policy I (Note 11).

Term loan VII is repayable over a period of 4 years by monthly instalments till April 2025. Term loan VII is secured through fixed charge over machineries (Note 10).

As at 31 December 2021 and 31 December 2020, the trust receipts/letter of credits I are secured through the legal mortgage over a leasehold property of the Group (Note 9), first legal assignment of all the rights, title, interests and benefits arising from Policies I and II (Note 11) and by a negative pledge on trade receivables (Note 18) for a subsidiary.

Temporary bridging loans are facilities under the Enterprise Financing Scheme Temporary Bridging Loan Programme administered by the Enterprise Singapore which the Government provides 90% risk-share on these loans. Temporary bridging loans are repayable over a period of 5 years by monthly instalments.

As at 31 December 2021 and 31 December 2020, all the bank borrowings are supported by a corporate guarantee from the Company (Note 32).

Bank borrowings are denominated in the following currencies:

	Group	
	2021	2020
	$'000	$'000
Singapore dollar	**52,274**	73,831
United States dollar	**5,375**	5,423
	57,649	79,254

24. Bank borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Bank loans $'000	Trust receipts/ letter of credits $'000	Total $'000
2021			
At beginning of financial year	50,502	28,752	79,254
Changes from financing cash flows:			
- Proceeds	7,871	80,392	88,263
- Repayments	(21,617)	(88,368)	(109,985)
- Interest paid	(751)	(427)	(1,178)
Non-cash changes:			
- Interest expense (Note 6)	751	427	1,178
Effect of changes in foreign exchange rates	117	–	117
At end of financial year	**36,873**	**20,776**	**57,649**
2020			
At beginning of financial year	44,801	22,548	67,349
Changes from financing cash flows:			
- Proceeds	9,201	58,060	67,261
- Repayments	(3,406)	(51,856)	(55,262)
- Interest paid	(1,156)	(529)	(1,685)
Non-cash changes:			
- Interest expense (Note 6)	1,156	529	1,685
Effect of changes in foreign exchange rates	(94)	–	(94)
At end of financial year	50,502	28,752	79,254

25. Deferred income

	Group	
	2021 **$'000**	2020 $'000
Current		
Deferred gain on sale and leaseback transactions	**272**	685
Deferred income on job support scheme	**–**	348
	272	1,033
Non-current		
Deferred gain on sale and leaseback transactions	**–**	272
	272	1,305

26. Deferred tax liabilities

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the financial year:

	Accelerated tax depreciation $'000	Revaluation of leasehold properties $'000	Others $'000	Total $'000
Group				
Balance as at 1.1.2021	3,007	965	–	3,972
Credited to profit or loss (Note 8)	(478)	(48)	–	(526)
Charged to other comprehensive income (Note 8)	–	111	–	111
Balance as at 31.12.2021	**2,529**	**1,028**	**–**	**3,557**
Balance as at 1.1.2020	6,008	1,097	(42)	7,063
(Credited)/charged to profit or loss (Note 8)	(3,001)	(118)	42	(3,077)
Credited to other comprehensive income (Note 8)	–	(14)	–	(14)
Balance as at 31.12.2020	3,007	965	–	3,972

27. Dividend

The Company did not recommend any dividend in respect of the financial years ended 31 December 2021 and 31 December 2020.

28. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the parent is based on the following data:

	Group	
	2021	2020
Profit/(loss) attributable to owners of the parent ($'000)	**5,326**	(7,471)
Weighted average number of ordinary shares outstanding	**154,740,764**	151,384,600
Basic and diluted earnings/(loss) per share (in cents)	**3.44**	(4.94)

The calculations for basic earnings/(loss) per share for the relevant periods are based on the profit/(loss) attributable to owners of the parent for the financial years ended 31 December 2021 and 31 December 2020 divided by the actual number of ordinary shares in the relevant periods.

Diluted earnings per share

The dilutive earnings/(loss) per share for the relevant periods are the same as the basic earnings/(loss) per share as the Group does not have any dilutive potential ordinary shares for the relevant periods.

29. Significant related party transactions

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2021	2020
	$'000	$'000
*With related parties**		
Rental of equipment and trucks from related parties	**1,938**	1,561
With a joint venture		
Provision of subcontract services to a joint venture	**1,272**	1,749

The outstanding balances as at 31 December 2021 and 31 December 2020 with related parties and joint venture are disclosed in Note 18 and Note 22.

* The related parties refer to entities controlled by or associated with the Executive Directors of the Company which are not within the Group.

Compensation of key management personnel

Key management personnel are Directors of the Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly.

The remuneration of key management personnel of the Group during the financial years ended 31 December 2021 and 31 December 2020 were as follows:

	Group	
	2021	2020
	$'000	$'000
Directors of the Company		
- Directors' fees	**125**	125
- short-term employee benefits	**1,478**	1,170
- post-employment benefits	**51**	51
	1,654	1,346
Directors of subsidiaries		
- short-term employee benefits	**103**	83
- post-employment benefits	**7**	6
	110	89
Other key management personnel		
- short-term employee benefits	**310**	358
- post-employment benefits	**40**	42
	350	400
	2,114	1,835

30. Capital commitments

As at 31 December 2021, commitments in respect of capital expenditure, are as follows:

	Group	
	2021	2020
	$'000	$'000
Capital expenditure approved and contracted for but not provided for in the financial statements		
- Commitments for the acquisition of property, plant and equipment	**1,509**	1,397

31. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (Note 2(x)). For management purposes, the Group is organised into business units based on its services, and has four reportable operating segments as follows:

(a) Civil engineering contract works;

(b) Inland logistics support;

(c) Sales of construction materials; and

(d) Others (including dormitory operations).

Civil engineering contract works includes construction projects on earthworks, infrastructure works, external works, demolition and excavation works, drainage works and road diversion. The Group also operates and manages entire stockpile sites.

Inland logistics support includes rental of construction equipment including tipper trucks, compactors and excavators.

Sale of construction materials includes the supplies of Liquefied Soil Stabiliser, as well as other construction related equipment and consumables.

Dormitory operations involve the maintenance and operation of Dormitory.

The Group's reportable segments are strategic business units that are organised based on their function.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise other corporate expenses which are not directly attributable to a particular reporting segment.

Due to the nature of the Group's operations, no segment assets and liabilities are presented to the chief operating decision maker. Chief operating decision maker manages the assets, liabilities, interest income, finance costs and income taxes on a Group basis.

31. Segment information (cont'd)

Operating segments	Civil engineering contract works	Inland logistics support	Sale of construction materials	Others	Unallocated	Elimination	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2021							
Revenue							
External revenue	153,069	12,070	4,173	1,129	–	–	170,441
Inter-segment revenue	7,184	2,286	684	–	–	(10,154)	–
	160,253	14,356	4,857	1,129	–	(10,154)	170,441
Results							
Segment results	21,552	(2,786)	1,023	965	(13,092)	(783)	6,879
Share of results of a joint venture	1,016	–	–	–	–	–	1,016
Interest income							60
Interest expenses							(2,573)
Profit before income tax							5,382
Income tax expense							(196)
Profit for the financial year							5,186
Non-cash items							
Amortisation of gain on sale and leaseback transactions	685	–	–	–	–	–	685
Gain on disposal of property, plant and equipment and right-of-use assets	–	–	–	–	125	–	125
Depreciation of property, plant and equipment	(6,666)	(1,065)	(203)	–	(476)	117	(8,293)
Depreciation of right-of-use assets	(9,956)	(29)	(84)	–	(238)	–	(10,307)
Amortisation of intangible assets	–	–	–	–	(16)	–	(16)
Fair value gain of financial assets at FVTPL	–	–	–	–	185	–	185
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	–	–	–	–	11	–	11
Loss allowance on trade receivables and contract assets	(2,405)	20	45	–	–	–	(2,340)

31. Segment information (cont'd)

Operating segments	**Civil engineering contract works**	**Inland logistics support**	**Sale of construction materials**	**Unallocated**	**Elimination**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2020						
Revenue						
External revenue	105,071	9,264	1,623	–	–	115,958
Inter-segment revenue	6,348	1,263	113	–	(7,724)	–
	111,419	10,527	1,736	–	(7,724)	115,958
Results						
Segment results	(3,061)	1,812	(305)	(1,434)	(5,382)	(8,370)
Share of results of a joint venture	915	–	–	–	–	915
Interest income						58
Interest expenses						(3,368)
Loss before income tax						(10,765)
Income tax credit						3,367
Loss for the financial year						(7,398)
Non-cash items						
Amortisation of gain on sale and leaseback transactions	793	–	–	–	–	793
Gain on disposal of property, plant and equipment and right-of-use assets	–	–	–	156	–	156
Depreciation of property, plant and equipment	(6,328)	(1,095)	(180)	(604)	117	(8,090)
Depreciation of right-of-use assets	(11,698)	(68)	(21)	(266)	–	(12,053)
Amortisation of intangible assets	–	–	–	(15)	–	(15)
Impairment of financial assets at FVOCI	–	–	–	(264)	–	(264)
Fair value gain of financial assets at FVTPL	–	–	–	179	–	179
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	–	–	–	10	–	10
Fair value loss on derivative financial instruments	–	–	–	(28)	–	(28)
Loss allowance on trade receivables and contract assets	(5,611)	(23)	(29)	–	–	(5,663)

31. Segment information (cont'd)

Major customers

For the financial year ended 31 December 2021, the revenue from 1 (2020: 2) major customers of the Group amounted to approximately $71,360,000 (2020: $76,935,000) of the total revenue from civil engineering contract works are tabled below:

	Group	
	2021	2020
	$'000	$'000
Customer 1	**71,360**	59,990
Customer 2	**–**	16,945

Geographical information

The Group's sales and assets are mainly derived and located in Singapore. Accordingly, no geographical segment information is presented during the financial years ended 31 December 2021 and 31 December 2020.

32. Financial instruments

(a) **Categories of financial instruments**

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets at amortised cost	**41,350**	78,285	**12,117**	1,712
Financial assets at FVTPL	**5,693**	5,387	**–**	–
Financial assets at FVOCI	**829**	783	**–**	–
Financial liabilities				
Financial liabilities at amortised cost	**145,066**	189,887	**8,624**	192
Financial liabilities at FVTPL	**–**	28	**–**	–

(b) **Financial risk management**

The Group's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and equity price risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

32. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

Credit risks

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group's major classes of financial assets are financial assets at FVTPL and FVOCI, trade and other receivables (excluding non-refundable deposits) and cash and cash equivalents.

Maximum exposure and concentration of credit risk

As at 31 December 2021, approximately 35% (2020: 46%) of the Group's trade receivable from third parties (including retention sums on construction contracts) were due from 1 customer.

As at 31 December 2021, approximately 56% (2020: 53%) of the Group's contract assets were due from 4 customers (2020: 4 customers).

As at 31 December 2021 and 31 December 2020, the Company has no concentration of credit risk other than the amounts due from subsidiaries.

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

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

32. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risks (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

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

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Actual or expected significant change in the operating results of the customer; and
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in operating results of the customer.

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

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

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

Definition of default

The Group considers information developed internally or obtained from external sources that indicates that the customer is unlikely to pay its creditor, including the Group as constituting an event of default for internal credit risk management purpose. Based on historical experience, it indicates that receivables that meet the criteria are generally not recoverable.

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

32. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risks (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

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

Trade receivables (including retention sums) and contract assets

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables (including retention sums) and contract assets.

Under the simplified approach, for trade receivables (including retention sums) and contract assets that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL.

The Group determined the ECL of trade receivables (including retention sums) and contract assets by segregating amounts due from government agencies and debtors who are also the Group's suppliers with amounts due from are lower than amounts due to the same counterparties where the associated credit risk is not significant and credit-impaired debtors, and using a provision matrix for the remaining trade receivables (including retention sums) and contract assets. Amounts due from debtors where the associated credit risk is not significant amounted to $6,357,000 (2020: $22,132,000), $9,391,000 (2020: $10,768,000) and $22,990,000 (2020: $37,841,000) as included in the gross carrying amount of the Group's trade receivables, retention sums and contract assets respectively. The Group does not expect material credit losses to arise on these amounts due from these debtors in view of good payment records with the Group.

The Group categorises the remaining trade receivables based on days past due. The Group estimates the expected credit loss rates for each category of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables. In view of the current COVID-19 pandemic, the Group has considered the impact of the pandemic on the performance and liquidity of its trade receivables and in particular, whether there are significant decline in the repayment ability of its debtors.

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

32. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risks (cont'd)

Trade receivables (including retention sums) and contract assets (cont'd)

The Group has recognised a loss allowance of 100% against all credit-impaired trade receivables (including retention sums) and contract assets. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

The Group's credit risk exposure in relation to trade receivables, retention sums and contract assets excluding amounts due to debtors where the associated credit risk is not significant under SFRS(I) 9 at the reporting date are set out in the provision matrix below:

Trade receivables

	Not past due $'000	1 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	More than 90 days $'000	Credit-impaired $'000	Total $'000
2021							
Gross receivables	**5,777**	**1,307**	**342**	**176**	**1,932**	**6,706**	**16,240**
Loss allowance	**22**	**24**	**10**	**10**	**1,829**	**6,706**	**8,601**
2020							
Gross receivables	2,707	2,275	968	77	2,129	6,706	14,862
Loss allowance	12	41	28	5	2,107	6,706	8,899

Retention sums

	Non-credit-impaired $'000	Credit-impaired $'000	Total $'000
2021			
Gross retention sums	**6,625**	**1,306**	**7,931**
Loss allowance	**199**	**1,306**	**1,505**
2020			
Gross retention sums	5,687	1,306	6,993
Loss allowance	171	1,306	1,477

Contract assets

	Non-credit-impaired $'000	Credit-impaired $'000	Total $'000
2021			
Gross contract assets	**60,078**	**611**	**60,689**
Loss allowance	**7,024**	**611**	**7,635**
2020			
Gross contract assets	39,302	606	39,908
Loss allowance	4,664	606	5,270

32. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risks (cont'd)

Credit quality of the financial assets at amortised cost and contract assets

The table below details the credit quality of the Group's and the Company's financial assets at amortised cost and contract assets at the reporting date:

Group 2021	**12-month or lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
Trade receivables and contract assets - credit risk not significant	Lifetime ECL	**38,738**	**–**	**38,738**
Other receivables and refundable deposits	12-month ECL	**1,191**	**–**	**1,191**
Cash and cash equivalents	N.A. Exposure limited	**10,346**	**–**	**10,346**
2020				
Trade receivables and contract assets - credit risk not significant	Lifetime ECL	70,741	–	70,741
Other receivables and refundable deposits	12-month ECL	1,010	–	1,010
Cash and cash equivalents	N.A. Exposure limited	32,896	–	32,896
Company 2021				
Amounts due from subsidiaries	12-month ECL	**11,798**	**–**	**11,798**
Cash and cash equivalents	N.A. Exposure limited	**319**	**–**	**319**
2020				
Amounts due from subsidiaries	12-month ECL	1,660	–	1,660
Cash and cash equivalents	N.A. Exposure limited	52	–	52

Credit risk exposure in relation to financial assets at amortised cost (other than trade receivables and contract assets) are insignificant, and accordingly no credit loss allowance is recognised as at 31 December 2021 and 31 December 2020.

32. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risks (cont'd)

Other receivables

For the Company's non-trade receivables due from subsidiaries amounting $11,798,000 (2020: $1,660,000) (Note 18), management has taken into account the available internal information on the subsidiaries' past, current and expected operating performance and cash flow position. The management monitors and assesses at each reporting date on any indicator of change in credit risk on the amounts due from the subsidiaries, by considering its financial performance and any default in external debts. The risks of default is considered to be minimal and subject to immaterial credit loss.

Financial guarantee

The Company has issued corporate guarantee to several banks for banking facilities granted to subsidiaries. As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except for the corporate guarantees provided to banks on subsidiaries' loans. Based on management's assessment at the end of the reporting period, the Group considers the 12-month expected credit loss for corporate guarantee to be immaterial as its subsidiaries have the financial capacity to meet the contractual cash flow obligations.

Market risks

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The currencies giving rise to this risk are primarily from United States dollar. Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

At the end of the reporting period, monetary items denominated in a currency other than the respective entities' functional currency comprise cash and cash equivalents (Note 19), financial assets at FVTPL (Note 11) and bank borrowings (Note 24).

The Group is not exposed to significant financial risks on changes in foreign currency exchange rates as the Group's transactions are mainly denominated in its functional currency.

The carrying amounts of the Group's significant monetary assets and monetary liabilities in foreign currency at the end of the reporting period are as follows:

	Group	
	2021	2020
	$'000	$'000
Monetary assets		
Euro	**13**	239
United States dollar	**5,921**	5,958
Monetary liabilities		
United States dollar	**5,375**	5,423

32. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Market risks (cont'd)

Foreign currency risks (cont'd)

<u>Foreign currency sensitivity analysis</u>

The following table details the Group's sensitivity to a 10% (2020: 10%) change in Singapore dollar against the United States dollar. The sensitivity analysis assumes an instantaneous 10% (2020: 10%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in United States dollar are included in the analysis.

	Increase/(decrease) profit after tax	
	2021	2020
	$'000	$'000
Group		
Euro		
Strengthened against Singapore dollar	**1**	20
Weakened against Singapore dollar	**(1)**	(20)
United States dollar		
Strengthened against Singapore dollar	**45**	44
Weakened against Singapore dollar	**(45)**	(44)

Interest rate risks

The Group's exposure to market risk for changes in interest rates relates primarily to lease liabilities and bank borrowings as shown in Notes 23 and 24 respectively.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from lease liabilities and bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

If the interest rate increases or decreases by 0.5% (2020: 0.5%), the Group's profit after tax and equity will decrease or increase by approximately $205,000 (2020: $268,000) as at 31 December 2021, arising mainly as a result of higher or lower interest on floating rates for lease liabilities and bank borrowings. The interest expense from lease liabilities and bank borrowings are recognised as an expense under "Finance costs" line item in the consolidated statement of comprehensive income.

Price risk

The Group is exposed to price risks arising from debt securities. The Group does not actively trade the debt securities.

<u>Debt securities price sensitivity analysis</u>

The sensitivity analysis below has been determined based on the exposure to debt securities price risks at the end of the financial year. The sensitivity analysis assumes an instantaneous 10% (2020: 10%) change in the debt securities prices from the end of the financial year, with all variables held constant.

32. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Market risks (cont'd)

Price risk (cont'd)

Debt securities price sensitivity analysis *(cont'd)*

	Increase/(decrease) equity	
	2021	2020
	$'000	$'000
Group		
Quoted debt securities		
Increase by 10% (2020: 10%)	**69**	65
Decrease by 10% (2020: 10%)	**(69)**	(65)

Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both expected interest and principal cash flows.

	Effective interest rate	Within one financial year	After one financial year but within five financial years	More than five financial years	Total
	%	$'000	$'000	$'000	$'000
Group					
2021					
Financial liabilities					
Trade and other payables	**–**	**37,638**	**8,784**	**–**	**46,422**
Lease liabilities	**3.12 - 3.51**	**15,979**	**24,301**	**3,596**	**43,876**
Bank loans, floating interest rates:					
- revolving loans	**1.73**	**14,742**	**–**	**–**	**14,742**
- term loans	**1.78**	**7,232**	**8,836**	**3,818**	**19,886**
Bank loans, fixed interest rates:					
- temporary bridging loan	**2.09**	**1,173**	**3,004**	**–**	**4,177**
Trust receipts/letter of credit	**1.74**	**20,879**	**–**	**–**	**20,879**
		97,643	**44,925**	**7,414**	**149,982**

32. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Liquidity risks (cont'd)

	Effective interest rate	Within one financial year	After one financial year but within five financial years	More than five financial years	Total
	%	$'000	$'000	$'000	$'000
Group					
2020					
Financial liabilities					
Trade and other payables	–	57,149	–	–	57,149
Lease liabilities	3.12 - 3.51	16,990	36,552	4,109	57,651
Bank loans, floating interest rates:					
- revolving loans	2.37	31,398	–	–	31,398
- term loans	2.19	3,888	9,014	4,897	17,799
Bank loans, fixed interest rates:					
- temporary bridging loan	2.10	983	4,252	–	5,235
Trust receipts/ letter of credit	1.89	28,837	–	–	28,837
		139,245	49,818	9,006	198,069
Company					
2021					
Other payables	**–**	**254**	**8,370**	**–**	**8,624**
Financial guarantee contracts*	**–**	**90,618**	**–**	**–**	**90,618**
		90,872	**8,370**	**–**	**99,242**
2020					
Other payables	–	192	–	–	192
Financial guarantee contracts*	–	120,685	–	–	120,685
		120,877	–	–	120,877

The Group's operations are financed mainly through accumulated profits and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the lease liabilities and bank borrowings are disclosed in Notes 23 and 24 respectively.

* The Company has issued corporate guarantees to several banks for banking facilities granted to subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the facilities drawn. The earliest period that the guarantees could be called is within 1 year (2020: 1 year) from the end of the reporting period. The maximum amount that the Company could be forced to settle under these financial guarantee contracts, if the full guaranteed amount is claimed, is $90,618,000 (2020: $120,685,000). The Company considers that it is more likely than not that no amount will be payable in respect of the financial guarantees as its subsidiaries have the financial capacity to meet the contractual cash flow obligations, hence the Company has not recognised any liability in respect of the corporate guarantees.

33. Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as going concerns and maintain an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued capital and reserves as disclosed in Notes 20 and 21 respectively.

The management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on their operating cash flows. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's overall strategy remains unchanged from the previous financial year.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company include within net debt, trade and other payables, lease liabilities and borrowings less cash and cash equivalents. Total equity comprises of share capital and reserves after netting off non-controlling interests.

	Group	
	2021	2020
	$'000	$'000
Trade and other payables	**47,039**	58,755
Lease liabilities	**40,995**	53,484
Bank borrowings	**57,649**	79,254
Less: Cash and cash equivalents	**(10,346)**	(32,896)
Net debt	**135,337**	158,597
Total equity	**72,125**	63,936
Total capital	**207,462**	222,533
Gearing ratio	**65%**	71%

34. Fair value measurement

Fair value of financial assets and financial liabilities

Except as disclosed below, the carrying amounts of the Group's and the Company's current financial assets and current financial liabilities approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The carrying amounts of the Group's non-current financial liabilities in relation to bank borrowings approximate their respective fair values as these are at floating interest rates and repriced regularly, or the fixed interest rates approximate market interest rates for similar borrowings as at the end of the reporting period.

The carrying amounts of the Group's and the Company's non-current trade and other payables approximate their fair values at the end of the reporting period. The basis of determining fair values for disclosure purposes at the end of the reporting period are disclosed in Note 22.

Financial instruments carried at fair value classified by level of fair value hierarchy are as follows:

	Recurring fair value measurement using:		
	Level 1	**Level 2**	**Level 3**
	$'000	**$'000**	**$'000**
Group			
2021			
Assets			
Financial assets at FVOCI			
- quoted debt securities	**829**	**–**	**–**
Financial assets at FVTPL			
- investments in life insurances	**–**	**–**	**5,693**
Total	**829**	**–**	**5,693**
2020			
Assets			
Financial assets at FVOCI			
- quoted debt securities	783	–	–
Financial assets at FVTPL			
- investments in life insurances	–	–	5,387
Total	783	–	5,387

There were no transfers between levels during the financial year. The financial instruments included in Level 1 are traded in active markets and their fair values are based on quoted market prices at the end of the reporting period.

The fair value measurements categorised within Level 3 includes unobservable inputs that are not developed by the Group.

The fair value of the investment in life insurance is based on the cash value provided by the insurer without adjustment. There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

34. Fair value measurement (cont'd)

Fair value of leasehold properties

The fair value of leasehold properties have been determined based on the market comparison approach that reflects most recent transaction prices for similar properties, after adjusting for relevant factors such as land tenure, physical attributes, location and the date of transaction.

Level 3 recurring fair value measurements

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

The valuation conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with their actual use. The resulting fair values of leasehold properties are considered Level 3 recurring fair value measurements.

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

	Fair value	**Valuation techniques**	**Unobservable inputs**	**Relationship of unobservable inputs to fair value**
2021				
Leasehold properties				
Held for own use	**$17,750,000**	Market comparable approach	Yield adjustments*	The higher the yield adjustments, the higher the fair value
2020				
Leasehold properties				
Held for own use	$18,000,000	Market comparable approach	Yield adjustments*	The higher the yield adjustments, the higher the fair value

* The yield adjustments are made for differences in the nature, location, age, condition, tenure, design and layout, dates of transaction and the prevailing economic conditions affecting the property market of the specific property.

(ii) *Valuation policies and procedures*

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's 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 experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the management 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.

34. Fair value measurement (cont'd)

Reconciliation of opening and closing fair value balance

The reconciliation of the opening and closing fair value balance of Levels 1 & 3 financial and non-financial assets are provided below:

– Revalued leasehold properties - property, plant and equipment (Note 9)

– Financial assets at fair value (Note 11 and Note 16)

35. Contingent liabilities

Stop work order of the project works at Kranji Agri-Food Innovation Park

On 13 January 2021, JTC Corporation had issued a stop work order on the Group's project in relation to the development of the Agri-Food Innovation Park in Kranji. The Group is currently assisting JTC Corporation in investigations in connection with the clearing of plots of land earmarked for the Kranji Agri-Food Innovation Park.

As a result, the Group expects delays in the completion of the project works at the Kranji Agri-Food Innovation Park. As investigations are on-going, the Group is currently unable to assess whether the above matters would have a material impact on the consolidated financial statements of the Group.

36. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a Directors' resolution dated 8 April 2022.

Issued and fully paid-up capital	:	S$41,081,398
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share
Number of Issued and Paid-up Shares	:	176,384,600
Number of Treasury Shares	:	NIL
Number of Subsidiary Holdings	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	15	6.25	8,200	0.00
1,001 - 10,000	46	19.17	311,200	0.18
10,001 - 1,000,000	167	69.58	21,477,200	12.18
1,000,001 AND ABOVE	12	5.00	154,588,000	87.64
TOTAL	**240**	**100.00**	**176,384,600**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DANDELION CAPITAL PTE. LTD.	121,759,600	69.03
2	BON WEEN FOONG	7,000,000	3.97
3	MEHTA VIMESH PIYUSH	5,203,900	2.95
4	IFAST FINANCIAL PTE. LTD.	5,020,200	2.85
5	ANG KONG MENG	3,500,000	1.98
6	PHILLIP SECURITIES PTE LTD	2,884,200	1.64
7	MAYBANK SECURITIES PTE. LTD.	2,182,000	1.24
8	DBS NOMINEES (PRIVATE) LIMITED	1,754,500	0.99
9	CITIBANK NOMINEES SINGAPORE PTE LTD	1,611,200	0.91
10	OCBC SECURITIES PRIVATE LIMITED	1,281,400	0.73
11	TAN WEIREN VINCENT (CHEN WEIREN VINCENT)	1,250,000	0.71
12	OH ENG CHYE	1,141,000	0.65
13	RAMESH S/O PRITAMDAS CHANDIRAMANI	944,900	0.54
14	ABN AMRO CLEARING BANK N.V.	743,500	0.42
15	LIM CHEE PIN	650,000	0.37
16	TAN YAM HON (CHEN YANHUANG)	600,000	0.34
17	LEE TONG HONG	596,000	0.34
18	TIGER BROKERS (SINGAPORE) PTE. LTD.	585,900	0.33
19	NG KIAN ANN PATRICK	526,800	0.30
20	CHRISTINE TANG	500,000	0.28
	TOTAL	**159,735,100**	**90.57**

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

NAME	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
Dandelion Capital Pte. Ltd.	121,759,600	69.03	–	–
Ng Hai Liong[1]	–	–	121,759,600	80.43
Ng Kian Ann Patrick[2]	526,800	0.30	121,759,600	80.43
Ng Kian Yeow, Vincent[3]	–	–	121,759,600	80.43

Notes:-

1. Mr Ng Hai Liong holds 17.0% of the shares in Dandelion Capital Pte. Ltd. ("**Dandelion**"). Mr Ng Hai Liong and his family members (who are not Directors or key executive officers of the Company) hold an aggregate of 52.0% of the shares in Dandelion. Accordingly, Mr Ng Hai Liong is deemed interested in the shares of the Company held by Dandelion by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. ("**Act**").
2. Mr Ng Kian Ann Patrick holds 25.0% of the shares in Dandelion and accordingly is deemed interested in the shares of the Company held by Dandelion by virtue of Section 7 of the Act.
3. Mr Ng Kian Yeow, Vincent holds 23.0% of the shares in Dandelion and accordingly is deemed interested in the shares of the Company held by Dandelion by virtue of Section 7 of the Act.

RULE 723 OF THE CATALIST RULES – FREE FLOAT

As at 24 March 2022, approximately 30.61% of the issued shares of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalist.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Huationg Global Limited (the "**Company**") will be convened and held by way of electronic means on Friday, 29 April 2022 at 2.30 p.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 retiring pursuant to Regulation 117 of the Company's Constitution:

   (a) Mr Ng Kian Ann Patrick **(Resolution 2)**

   Mr Ng Kian Ann Patrick, if re-elected as Director, will remain as an Executive Director and Chief Executive Officer of the Company. Further information on Mr Ng Kian Ann Patrick can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" in the Annual Report 2021.

   (b) Mr Wee Heng Yi, Adrian **(Resolution 3)**

   *Mr Wee Heng Yi, Adrian will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company and will be considered independent for the purposes of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). Further information on Mr Wee Heng Yi, Adrian can be found under the sections entitled "Board of Directors" and "Corporate Governance Report" in the Annual Report 2021.*

3. To approve the payment of Directors' fees of S$125,000 for the financial year ending 31 December 2022, payable half yearly in arrears (2021: S$125,000). **(Resolution 4)**

4. To re-appoint Baker Tilly TFW LLP as the Company's Auditors and to authorise the Directors 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 resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares in the capital of the Company ("Shares") - Share Issue Mandate**

   "That, pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:-

   (a) (i) allot and issue shares in the capital of 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 may in their absolute discretion deem fit; and

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is 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 does not exceed one hundred per cent (100%) of the total number of issued Shares excluding treasury shares and subsidiary holdings 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 existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculations 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 percentage of 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 of the Company at the time this Resolution is passed after adjusting for:-

(i) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares.

Any adjustments made in accordance with sub-paragraphs (2)(i) or (2)(ii) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/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 Regulation for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (i)] **(Resolution 6)**

7. Authority to allot and issue shares under the Huationg Employee Share Option Scheme (the "Option Scheme")

"That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be authorised to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Option Scheme provided always that the aggregate number of new shares to be allotted and issued pursuant to the Option Scheme, Huationg Performance Share Plan, and all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (including treasury shares) in the capital of the Company from time to time, as determined in accordance with the provisions of the Option Scheme."
[See Explanatory Note (ii)] **(Resolution 7)**

8. Authority to allot and issue shares under the Huationg Performance Share Plan

"That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Huationg Performance Share Plan and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Huationg Performance Share Plan, provided always that the aggregate number of shares issued and issuable pursuant to vesting of awards granted under the Huationg Performance Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under the Option Scheme, all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares (including treasury shares) in the capital of the Company on the day preceding the relevant date of the award."
[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Ng Kian Ann Patrick
Executive Director and Chief Executive Officer

Singapore, 13 April 2022

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the above AGM until the date of the next AGM, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments. The aggregate number of Shares and convertible instruments which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time of passing this Resolution. For allotment and issuance of Shares and convertible instruments other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM.

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 6 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(ii) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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 grant options under the Huationg Employee Share Option Scheme in accordance with the provisions of the Huationg Employee Share Option Scheme and to allot and issue from time to time such number of fully-paid shares as may be required to be issued arising from the exercise of the share options under the Huationg Employee Share Option Scheme subject to the maximum number of shares prescribed under the terms and conditions of the Huationg Employee Share Option Scheme.

The aggregate number of ordinary shares which may be allotted and issued pursuant to the Huationg Employee Share Option Scheme and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the issued shares (including treasury shares) in the capital of the Company on the day preceding the date of the relevant grant. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 6.

(iii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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 grant awards under the Huationg Performance Share Plan in accordance with the provisions of the Huationg Performance Share Plan and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Huationg Performance Share Plan subject to the maximum number of shares prescribed under the terms and conditions of the Huationg Performance Share Plan.

The aggregate number of ordinary shares which may be allotted and issued pursuant to the Huationg Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the issued shares (including treasury shares) in the capital of the Company on the day preceding the relevant date of the award. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 6.

Important Notes to Shareholders on arrangements for the AGM:

1. 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, the AGM will be held by way of electronic means.

2. Printed copies of this Notice of AGM, the Annual Report for the financial year ended 31 December 2021 (the "**FY2021 Annual Report**") and the Proxy Form will not be sent to members. Instead, this Notice of AGM, the FY2021 Annual Report and the Proxy Form may be accessed at the Company's website at the URL https://huationg.listedcompany.com and will also be available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

3. Alternative arrangements relating to attendance at the AGM of the Company via electronic means (including arrangements by which the meeting may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in this Notice of AGM. Please refer to the details set out below for the relevant steps and details for members to participate at the AGM.

4. **Due to the current Covid-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the AGM will be held by way of electronic means and members will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The Proxy Form may be accessed at the Company's website at the URL https://huationg.listedcompany.com and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting 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 Meeting as proxy for that resolution will be treated as invalid.

5. The Chairman of the Meeting, acting as proxy, need not be a member of the Company.

6. The Proxy Form must be submitted to the Company in the following manner:

   (i) if submitted by post, be deposited at registered office of the Company at No. 9 Benoi Crescent, Singapore 629972; or

   (ii) if submitted, electronically, be submitted via email in Portable Document Format (PDF) format to the Company at IR_enquiry2021@huationg.com.sg.

   in either case, by 2.30 p.m. on Tuesday, 26 April 2022 which is at least 72 hours before the time fixed for holding the AGM and/or any adjournment thereof. A member 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 by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email**.

   CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF/SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 19 April 2022 which is at least seven (7) working days before the AGM.

   Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) and wish to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM must approach their respective depository agents to pre-register by 5.00 p.m. on Tuesday, 19 April 2022 which is at least seven (7) working days before the AGM in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

7. The Proxy Form appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

8. Where the Proxy Form appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

10. The resolutions put to vote at the AGM shall be decided by way of poll.

11. **Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the AGM arrangements at short notice. Members should check the Company's website at the URL** https://huationg.listedcompany.com **for the latest updates on the status of the AGM, if any.**

Key dates/deadlines:

The key dates/deadlines which shareholders should take note of are summarised in the table below:

Key dates	Events
19 April 2022, 5.00 p.m. (Tuesday)	**Deadline for CPF/SRS investors.** Deadline for CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy to approach their respective CPF/SRS operators to submit their votes. Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) and wish to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM must approach their respective depository agents to pre-register at least seven (7) working days before the AGM in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.
21 April 2022, 9.00 a.m. (Thursday)	**Members will not be able to ask questions at the AGM during the live audio-visual webcast or live audio-only stream. It is therefore important for members to submit questions to the Chairman of the Meeting in advance of the AGM.** **Deadline to submit questions.** Members may submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting in advance of the AGM of the Company by submitting their questions (i) on the online pre-registration form at the https://us06web.zoom.us/webinar/register/WN_Ff_ZObP2Q_CEsTUPMNR63A ("**Online Pre-Registration Form**"); (ii) by post to the Company's registered office at 9 Benoi Crescent, Singapore 629972; or (iii) by email to the Company at IR_enquiry2021@huationg.com.sg from the date of this Notice of AGM until **9.00 a.m. on 21 April 2022.**
24 April 2022, 2.30 p.m. (Sunday)	**Addressing questions.** The Company will endeavour to address all substantial and relevant questions received from members relating to the agenda of the AGM (the "**Response**") prior to the AGM which will be published on the Company's website at the URL https://huationg.listedcompany.com and SGXNET at the URL https://www.sgx.com/securities/company-announcements. The Company may address any subsequent clarifications sought, or follow-up questions, prior to, or at, general meetings in respect of substantial and relevant matters.
26 April 2022, 2.30 p.m. (Tuesday)	**Deadline for pre-registration and submission of proxy forms.** Members must pre-register at the URL https://us06web.zoom.us/webinar/register/WN_Ff_ZObP2Q_CEsTUPMNR63A between the date of this Notice of AGM and Tuesday, 26 April 2022, 2.30 p.m. to enable the Company's Shares Registrar to verify their status as members of the Company. Deadline for members to: (a) pre-register for the live audio-visual webcast or live audio-only stream of the AGM proceedings by submitting the Online Pre-Registration Form; and (b) submit Proxy Forms by post or by electronic means to IR_enquiry2021@huationg.com.sg **In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**
28 April 2022, 2.30 p.m. (Thursday)	**Confirmation of pre-registration.** Following the verification, authenticated members will receive an email by 2.30 p.m. on Thursday, 28 April 2022 which will contain the URL and password details to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the "**Confirmation Email**"). Members, who have pre-registered for the live audio-visual webcast or live audio-only stream before the 26 April 2022 deadline but have not received the Confirmation Email by 2.30 p.m. on Thursday, 28 April 2022, should contact the Company at IR_enquiry2021@huationg.com.sg with the full name of the member and his/her identification number (between 2.30 p.m. to 5.00 p.m. on Thursday, 28 April 2022).
29 April 2022, 2.30 p.m. (Friday)	**AGM.** Members may attend the AGM via electronic means in the following manner: (a) clicking on the link in the Confirmation Email and entering the password to access the live audio-visual webcast of the AGM proceedings; or (b) calling the toll-free telephone number in the Confirmation Email and keying in the ID and password to access the live audio-only stream of the AGM proceedings.
By 28 May 2022 (Saturday)	**Minutes of AGM of the Company.** The Company will publish the minutes of the AGM on the Company's website at the URL https://huationg.listedcompany.com and on SGXNET at the URL https://www.sgx.com/securities/company-announcements within one month after the AGM.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing the Chairman of the Meeting as proxy to attend and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents of service providers) for the purpose of the processing and administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting 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 its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The information required under Catalist Rule 720(5) and Appendix 7F of the SGX-ST Listing Manual in respect of Directors seeking re-election at the Annual General Meeting is set out below.

Key Information	**Name of Director**	
	Ng Kian Ann Patrick	Wee Heng Yi, Adrian
Date of appointment	01 August 2014	11 November 2014
Date of last re-appointment	14 June 2019	19 June 2020
Age	46	43
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors has approved the re-election of Mr Ng Kian Ann Patrick as an Executive Director of the Company. The Board has considered the recommendation of the Nominating Committee and is of the view that Mr Ng Kian Ann Patrick has the requisite experience, qualifications and capabilities as required by the Board as an Executive Director.	The Board of Directors has approved the re-election of Mr Wee Heng Yi, Adrian as Independent Director of the Company. The Board has considered the recommendation of the Nominating Committee and is of the view that Mr Wee Heng Yi, Adrian has the requisite experience, qualifications and capabilities as required by the Board as an Independent Director.
Whether the appointment is executive and if so, please state the area of responsibility	Executive Director (the "**ED**") and Chief Executive Officer (the "**CEO**")	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	ED & CEO	Independent Director, Chairman of the Nominating Committee and a member of the Remuneration Committee and Audit Committee.
Professional memberships / qualifications	Bachelor's Degree in Engineering (First Class Honours) University of London, United Kingdom	Bachelor of Laws (Honours) (National University of Singapore) Roll of solicitors in England and Wales Member of ASEAN Law Association Member of Law Society of Singapore

<table>
<tr><th rowspan="2">Key Information</th><th colspan="2">Name of Director</th></tr>
<tr><th>Ng Kian Ann Patrick</th><th>Wee Heng Yi, Adrian</th></tr>
<tr><td>Working experience and occupation(s) during the past 10 years</td><td>Huationg Global Limited and group of companies:
– Huationg Global Limited (ED and CEO)
– Huationg Contractor Pte. Ltd. (ED and CEO)
– HT Equipment Pte. Ltd. (ED and CEO)
– Soil Engineering Pte Ltd. (CEO)
– Banyan Capital Pte. Ltd. (Director)
– Changi East Dorm Private Limited (Director and CEO)
– Changi East Dorm Dwall Private Limited (Director and CEO)
– Golden Empire Huationg Pte. Ltd. (Director)
Dandelion Capital Pte. Ltd. (Director)
NHL Holding Pte. Ltd. (Director)
NHL Investment Pte. Ltd. (Director)</td><td>Characterist LLC
– June 2008 to present, Director
– June 2009 to present, Head of the Criminal Litigation and Advocacy Practice Group

Pine Capital Group Limited
– March 2019 to July 2019, Independent Director</td></tr>
<tr><td>Shareholding interest in the Company and its subsidiaries</td><td>Mr Ng Kian Ann Patrick holds 726,800 ordinary shares (or 0.412%) of the Company and is deemed interested in the 121,759,600 ordinary shares (or 69.031%) of the Company held by Dandelion Capital Pte. Ltd. (“Dandelion”) by virtue of his 25% shareholdings in Dandelion.</td><td>Nil</td></tr>
<tr><td>Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries</td><td>Ng Kian Ann Patrick is the son of Mr Ng Hai Liong, the Company’s Executive Chairman and brother of Mr Ng Kian Yeow, Vincent, the Company’s COO and Executive Director.</td><td>Nil</td></tr>
<tr><td>Conflict of Interest (including any competing business)</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?</td><td>Yes</td><td>Yes</td></tr>
</table>

Key Information	**Name of Director**	
	Ng Kian Ann Patrick	Wee Heng Yi, Adrian
Other Principal Commitments Including Directorships		
Present	Huationg Global Limited and group of companies: – Huationg Global Limited (ED and CEO) – Huationg Contractor Pte. Ltd. (ED and CEO) – HT Equipment Pte. Ltd. (ED and CEO) – Soil Engineering Pte Ltd. (CEO) – Banyan Capital Pte. Ltd. (Director) – Changi East Dorm Private Limited (Director and CEO) – Changi East Dorm Dwall Private Limited (Director and CEO) – Golden Empire Huationg Pte. Ltd. (Director) Dandelion Capital Pte. Ltd. (Director) NHL Holding Pte. Ltd. (Director) NHL Investment Pte. Ltd. (Director)	Characterist LLC
Past (for the last 5 years)	Huationg Global Limited and group of companies: – Huationg Global Limited (ED and CEO) – Huationg Contractor Pte. Ltd. (ED and CEO) – HT Equipment Pte. Ltd. (ED and CEO) – Soil Engineering Pte Ltd. (CEO) – Banyan Capital Pte. Ltd. (Director) – Changi East Dorm Private Limited (Director and CEO) – Changi East Dorm Dwall Private Limited (Director and CEO) – Golden Empire Huationg Pte. Ltd. (Director) Dandelion Capital Pte. Ltd. (Director) NHL Holding Pte. Ltd. (Director) NHL Investment Pte. Ltd. (Director)	Characterist LLC Pine Capital Group Limited

	Name of Director to be re-elected	
	Ng Kian Ann Patrick	Wee Heng Yi, Adrian
The general statutory disclosures of the Directors are as follows:		
(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
(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
(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

	Name of Director to be re-elected	
	Ng Kian Ann Patrick	Wee Heng Yi, Adrian
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(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	No	No
(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	No	No
(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	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(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?	No	No
Prior Experience as a Director of a Listed Company on the Exchange		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. 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.	Not applicable. This is a re-election of a director	
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).	Not applicable. This is a re-election of a director	

HUATIONG GLOBAL LIMITED

(Company Registration Number: 201422395Z)
(Incorporated in Singapore with limited liability)

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT:

1. The AGM 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.
2. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF/SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 19 April 2022 which is at least seven (7) working days before the AGM.
3. By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2022.
4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.

I/We, ______________________________ (name) ________________________ (NRIC/Passport/Company Registration Number)

of ____ (address)

being member/members* of **HUATIONG GLOBAL LIMITED** (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting of the Company ("**AGM**") as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM to be convened and held by way of electronic means on Friday, 29 April 2022 at 2.30 pm and at any adjournment thereof in the following manner.

If you wish to appoint the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please tick with "✓" in the "For" or "Against" box in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish to appoint the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please tick with "✓" in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting, as your proxy, is directed to abstain from voting in the "Abstain" box in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

No.	Ordinary Resolutions relating to:	For	Against	Abstain
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2.	Re-election of Mr Ng Kian Ann Patrick as Director of the Company			
3.	Re-election of Mr Wee Heng Yi, Adrian as Director of the Company			
4.	Approval of Directors' fees amounting to S$125,000 for the financial year ending 31 December 2022, payable half yearly in arrears (2021: S$125,000)			
5.	Re-appointment of Baker Tilly TFW LLP as the Company's Auditors and to authorise the Directors to fix their remuneration			
6.	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate			
7.	Authority to allot and issue shares under the Huationg Employee Share Option Scheme			
8.	Authority to allot and issue shares under the Huationg Performance Share Plan			

*Delete as appropriate

The resolutions put to vote at the AGM shall be decided by way of poll.

Dated this __________ day of ______________ 2022

Total Number of Shares Held	
(a) CDP Register:	
(b) Register of members:	

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. 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, the AGM will be held by way of electronic means.

2. Printed copies of the Notice of AGM, the Annual Report for the financial year ended 31 December 2021 (the "**FY2021 Annual Report**") and this Proxy Form will not be sent to members. Instead, the Notice of AGM, the FY2021 Annual Report and this Proxy Form may be accessed at the Company's website at the URL https://huationg.listedcompany.com will also be available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

3. Alternative arrangements relating to attendance at the AGM of the Company via electronic means (including arrangements by which the meeting may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM.

4. **Due to the current Covid-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the AGM will be held by way of electronic means and members will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM**. This Proxy Form may be accessed (a) via the Company's website at the URL https://huationg.listedcompany.com, and (b) via SGXNET at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting 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 Meeting as proxy for that resolution will be treated as invalid.

5. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.

6. The Chairman of the Meeting, as proxy, need not be a member of the Company.

7. The proxy form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with registered office of the Company at No. 9 Benoi Crescent, Singapore 629972; or

   (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at IR_enquiry2021@huationg.com.sg,

   in either case, by 2.30 p.m. on Tuesday, 26 April 2022 which is at least 72 hours before the time for holding the AGM and/or any adjournment thereof. A member who wishes to submit this Proxy Form must first download, complete and sign this Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current Covid-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

   CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF/SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 19 April 2022 which is at least seven (7) working days before the AGM.

   Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) and wish to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM must approach their respective depository agents to pre-register by 5.00 p.m. on Tuesday, 19 April 2022 which is at least seven (7) working days before the AGM in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

8. The Proxy Form appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

9. Where the Proxy Form appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

GENERAL:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, 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 member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and vote thereat unless his name appears on the Depository Register **72 hours before the time set for the AGM**.

PERSONAL DATA PRIVACY:

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

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