Natural Cool Holdings Limited

FOCUS ON TRANSFORMATION

ANNUAL REPORT 2021

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OUR VALUES

OUR NAME, OUR BRAND	We fulfil promises to shareholders, customers and employees
CUSTOMER FOCUS	Customer satisfaction is our ultimate duty and responsibility
PEOPLE DEVELOPMENT	We identify and drive every staff to their fullest potential
TEAMWORK & UNITY	We win and grow through teamwork and unity
CREATIVITY	Our innovation sets us apart from the rest
SAFETY	Above all, we value lives and assets

LETTER TO SHAREHOLDERS

Dear Shareholders,

Singapore's high vaccination rate and safe management measures have facilitated a cautious re-opening of our main market in Singapore. With the continued expansionary budgets in 2021 and 2022, the Singapore government has signalled its seriousness to continue to support businesses.

However, we anticipate the continued uncertainties and risks that Covid-19 presents to the global market to persist in the next 12 months. In addition, the recent conflict in Ukraine and subsequent sanctions on Russia will also present pressures on already strained cost structure and supply chains.

2021 was a decent year for our Aircon Division as our markets re-opened from the Covid-19 measures that were first implemented in 2020, and we recorded a significant 24.4% increase in revenue compared to 2020. Except for our regional business, all other business units in this division recorded significant increases in revenue in 2021. Despite higher distribution expenses and administrative expenses, the division remained profitable.

The year also saw a more modest 16.8% increase in revenues at our Paint and Coatings Division. More importantly, 2021 marked a return to profitability at this division, attributable to stringent cost and pricing management of the products that it manufactures and sells.

Although it recorded a significant 15.6% increase in revenues, our Food and Beverages Division reported a loss. This was due to a number of impairments taken to the cost of the division's manufacturing equipment and associated goodwill. In addition, the division upgraded its production capacity by moving into the new premises at Bedok Food City to cater to the expected increase in sales volume, thereby incurring some one-time costs. We are heartened though to note continued success in our Lunar New Year and Dumpling Festival sales promotions, and hope to do better this year. Our successful initial foray into the NTUC Fairprice chain of supermarkets in 2021 also gives us more confidence of being able to achieve this.

As for our Investment Division, the soft market for rentals in Singapore's Tai Seng/Paya Lebar area brought on by Covid-19 has forced us to relook our business plans for this division. In anticipation, we have taken a S$4.3 million impairment on the division's property, plant and equipment. We are actively in discussions with our landlord to mitigate our losses at this division.

On the corporate front, our investment into Nam Fang Co Pte Ltd., a well established plumbing and sanitary services company will add to the integrated building services capability of our Aircon Division.

Moving ahead, we will continue to focus on our digitalisation efforts. In particular, we are delighted to be one of nine companies to participate in the inaugural batch of Singapore's Digital Leaders Programme, jointly run by the Infocomm Media Development Authority and Enterprise Singapore. Supported by these agencies, we are looking to launch a mobile application platform, and to digitise and automate some of our sales, processing and delivery processes. Our investment into iFocus Pte Ltd in January 2022 serves to complement the efforts of our core digital team and seek new business opportunities for the Group.

In addition, with the support of various government agencies, our Aircon and our Paint and Coatings Divisions are also working with a number of partners to develop and introduce innovative and sustainable products in Singapore.

The markets that we operate are still fragile. A tight labour market, supply chain issues, and rising energy costs continue to present risks to our business. Initially brought on by the Covid-19 pandemic, the conflict in Ukraine seeks to prolong these risks. Nonetheless, we are thankful to our stakeholders including employees, suppliers, customers and bankers for their continued support. Meanwhile, to thank our shareholders for their patience, we are pleased to propose a first and final dividend of 0.14 Singapore cents per share.

The perfect storm continues unabated, but we are confident that the transformation journey that we embarked on several years ago will bear fruits.

Goh Teck Sia
Independent Non-Executive Director and Chairman

Tsng Joo Peng
Executive Director and Group Chief Executive Officer

CORPORATE STRUCTURE

AS AT 31 MARCH 2022

Natural Cool Holdings Limited

- 100% Natural Cool Airconditioning & Engineering Pte Ltd
  - 100% NC (Singapore) Pte. Ltd.
  - 75% Natural Cool Aircon Distribution Sdn. Bhd.
  - 75% Natural Cool Distribution (JB) Sdn. Bhd.
  - 100% NC Precision Pte. Ltd.
- 100% Natural Cool Investments Pte. Ltd.
  - 100% Cougar Paint Industries Sdn. Bhd.
- 100% Cougar Paint Pte. Ltd.
  - 100% Loh & Sons Paint Co (S) Pte Ltd
- 51% Natural Cool Asia Pte. Ltd.
- 100% Lifestyle Guru Pte. Ltd.
- 80% SFB Holdings Pte. Ltd.
  - 100% Yummy (S) Pte. Ltd.
- 51% JAD Solutions Pte. Ltd.
- 51% Nam Fang Co Pte Ltd.
- 100% Futura Innovation Pte.Ltd.#
  - 51% iFocus Pte Ltd*

Incorporated in 25 January 2022

* Acquired in 27 January 2022

BUSINESS PROFILE

AIRCON DIVISION

Natural Cool's Aircon Division is the cornerstone of the Group's business and a recognised leader in the air-conditioning and mechanical ventilation ("ACMV") market in Singapore. We are proud of our high service standards as we constantly upgrade the skills of our repair and servicing staff, to proactively respond to all types of ACMV service requests and situations.

Natural Cool also has in place a team of in-house ACMV specialists to handle more complex repair and servicing requests in commercial and industrial spaces. These include public institution such as schools, hospitals, warehouses, commercial buildings like offices, shopping malls, retail and food and beverages establishments. Typically, commercial and industrial services in such non-standard buildings are subject to a tendering process as specialised knowledge is required to handle more sophisticated engineering demands.

In addition, our Commercial Service ("CS") Team is specially trained to provide facilities management ("FM") services such as space planning, asset management and preventive maintenance of ACMV systems for smooth and uninterrupted operation.

Natural Cool's Aircon Division consists of our Commercial Installation Department, Trading Department, and Mechanical & Electrical Department.

COMMERCIAL INSTALLATION DEPARTMENT

Natural Cool's Commercial Installation Department provides ACMV system installation services for commercial projects. Our commercial projects may relate to those in the public sector such as school campuses, bus depots, power substations and nursing homes, as well as private sector projects that include factories, office, shopping malls, condominiums and residential landed properties.

Our commercial projects may be won via public tendering or by private invitations. For some projects, we provide only installation services, whereas for others, we provide turnkey services, including the procurement of ACMV systems.

Apart from the direct expansion system installation, our Commercial Installation Department has installed the chilled water system, for commercial building such as Biopolis, and was also involved in the installation of split air-conditioning system & mechanical ventilation system for residential building such as Affinity Condominium.

TRADING DEPARTMENT

Our One-Stop ACMV Equipment and ACMV Installation Materials Distribution Hubs are located at Defu Lane 10 and Bukit Batok Street 23. We add value to our contractor customers enabling them to compete effectively in Singapore by best sourcing ACMV equipment and ACMV installation materials and accessories.

To do this, we represent all types of ACMV brands catering to the entire industrial, commercial and residential divisions, such as Mitsubishi Electric, Daikin, Panasonic, LG, Midea, York, Carrier, Toshiba and many more.

We also supply ACMV spare parts and accessories including installation materials such as brackets, refrigerant gas, copper coil, wire, insulation, trunking, drain pipe, and all other types of pipes and ducts, as well as industrial tools and equipment like refrigerant recovery machines, electrical drills, vacuum pumps, drain pumps, screws, bolts and nuts, fasteners, and silicon applicators. Customers such as ACMV contractors find it useful and convenient as these items are housed under one roof and strategically located at our outlets.

This capability makes our Trading Department the renowned ACMV Distribution Hub to the ACMV industry.

MECHANICAL & ELECTRICAL DEPARTMENT

Over the years, Natural Cool's Mechanical & Electrical Department ("M&E") has trained a group of specialised people to provide a full range of solutions to become a one-stop building management service provider to prepare ourselves for a role in commercial and industrial estates.

BUSINESS PROFILE

M&E Department provides fire protection system design, installation and maintenance, data centre fit-out works, and ACMV system maintenance and repair services to various customers including hotels, schools, corporate buildings, data centres and banks. These ACMV system maintenance services are also extended to the service support of both commercial heating, ventilation, and air-conditioning ("HVAC") systems and residential air-conditioners. All these are provided by our CS Team, Fire Protection Team and Residential Services Team.

Our service support team has extensive experience and sound technical knowledge to ensure proper corrective and preventive actions are taken to address any equipment breakdown at client premises. Our teams are equipped with proper diagnostics and repairs tools coupled with a comprehensive maintenance checklist outlining thorough equipment condition upon servicing. We have sufficient vehicles to serve all our commercial and residential clients promptly with high mobility and island-wide coverage.

We constantly upgrade ourselves to be more efficient and productive. Digitalisation is our current priority so that we can transform ourselves to meet the latest market demand in the Digital Era. Our Digital Operation Workflow Management System will be launching in Q2 2022 to accommodate the modern asset services scenario. Created for fast customers acquisition, a unified, custom-build Operation Workflow Management will be our integrated approach to internal and external workflow management that goes beyond just simple tracking which will benefit our clients and streamline our backend operations.

PAINT AND COATINGS DIVISION

Natural Cool's Paint and Coatings Division has over 20 years of history in the paint business supporting the construction and marine industry through our flagship "Cougar" brand. The division manufactures a complete range of cost-effective products including enamel coatings, epoxy coatings, PU coatings and solvents.

Through the years the Paint and Coatings Division has transformed from a backyard manufacturer to becoming a leading supplier of coatings and solvents.

INVESTMENT DIVISION

Natural Cool's Investment Division was established to hold the non-core business activities of the Group, and holds the master tenancy of our corporate headquarters at 29 Tai Seng Avenue.

REGIONAL BUSINESS DIVISION

Natural Cool Asia Pte. Ltd. ("NCA") was formed to spearhead and expand the Group interests into the regional markets for HVAC related products and services.

NCA was appointed as Authorised Distributor by Panasonic for its full range of commercial Aircon products for the regional markets including Bangladesh, Myanmar, Cambodia, Maldives and Nepal.

FOOD AND BEVERAGES DIVISION

SFB Holdings Pte. Ltd. ("SFB") and Yummy (S) Pte. Ltd. ("Yummy") are two established food and beverages subsidiaries that allow our Group to foray into the food and beverages ("F&B") business as a means to build a new source of revenue and profits.

In Q3 2021, SFB acquired the assets of Sin Hong Huat Foodstuffs Manufacturing to produce and sell steamed muffins. On the other hands, due to the underperformance of the soy bean beverages business, the operation has been stopped and all assets and goodwill related to this business has been written-off. In addition, SFB also operates a dine-in restaurant "Abang Recipes" located at Sembawang Shopping Centre.

Yummy is engaged in the business of manufacturing, distribution and retail of cooked-food snack preparations, including dim sum products, pumpkin cakes, and traditional Chinese dumplings. Yummy conducts its business through our "Dao Xiang" retail outlets located at Bendemeer and Tampines. In order to increase the production capacity in 2021, the F&B Division expanded its production capacity and moved into new premises at Bedok Food City.

OPERATIONS REVIEW

COMMERCIAL INSTALLATION DEPARTMENT

2021 was a tough year for our Commercial Installation Department due to the post effects from the Covid-19 pandemic such as the increase of the labour costs and material costs. These effects have caused our department's margin to decrease. The pandemic has resulted in a slowdown in Singapore's economy and as well as causing the department performance to decline. Despite the difficult situation that we are facing with, our Commercial Installation Department still managed to secure new public and private sector projects, some of them are as mentioned below.

BIOPOLIS

Worth about S$4.3 million in project value, we are involved in the addition & alteration works for two blocks of building at Matrix and Proteos and refurbishment and redecorations works for seven blocks of buildings at Chromos, Centros, Helios, Nanos, Matrix, Genome and Proteos at Biopolis Phase 1, where we installed for Chilled Water System & Mechanical Ventilation System.

Total 714 units of chilled water fan coil units, 1 unit of precool air handling unit, 9 units of make-up air unit, 6 units of air handling unit and 10 units of mechanical fan being installed in this project.

This project will be completed in December 2023.

AFFINITY CONDOMINIUM

Worth about S$6.4 million, this project involved multiple building's additions and alterations works, where we installed the multiple split ACMV system for the entire project at Serangoon North Avenue 1.

Total 4,361 units of fan coil units and 1,000 units of mechanical fan will be installed for this project.

This project will be completed in June 2023.

OPERATIONS REVIEW

TRADING DEPARTMENT

2021 continued to be a challenging year due to the Covid-19 pandemic. The continued trade tension between the US and China has not fully abated, coupled with major supply chains disruption and shipment cost increase, further impacted the ACMV Industry affecting business sentiments and growth in Singapore.

ACMV wholesalers and contractors in Singapore faced stiffer competition due to shortage in both Aircon equipment and Aircon installation materials supply. In 2021, our Trading Department however managed to roll out with creative promotions and marketing initiatives to improve sales from our customers and produced good results.

Shortage of manpower supply continued to put a dent in the built environment sector and ACMV industry in 2021. Build-To-Order ("BTO") projects had not picked up in momentum thus affecting new ACMV installation works. Many customers remained conservative on expenditure during the economic slowdown.

MECHANICAL & ELECTRICAL DEPARTMENT

The Mechanical & Electrical Department ("M&E") continues to build and position itself to compete with its peers. Despite being hard hit by the Covid-19 pandemic, we still managed to pick up our revenue in 2021. Our CS Team has developed a full spectrum of skill sets required in our industry and is ready to respond to a more sophisticated market. Our Fire Protection Team had since made some major advancements and is Base Main Contractor for a large telecommunications company to support their data centre projects.

In 2021, we successfully added Line Plug Ballooning to our list of services. This service replaces the traditional freezing of water pipe technique, saves system downtime and protects the integrity of the water pipes used in ACMV or other systems. The Line Plug Ballooning technique provide significant savings for our clients.

In the data centre arena, we continue to advance steadily in 2021 for data centre fit-out and fire protection maintenances.

In 2021, the CS Team was able to implement the safety management measures of staggered shifts work and safe distancing among our team.

We will continue to remodel ourselves toward the digital wagon. For us to reach out and engage the new and existing residential customer digitally, we have invested in social media marketing platforms.

During this pandemic period, we introduced disinfection services and marketed them on Facebook. We also engaged local influencers to do Facebook Live streaming promoting our residential air-conditioning services. This helps to educate and make awareness to viewers on the importance of routine air-conditioning servicing. We will continue to embrace digital platforms to reach out to the new and existing customers.

Furthermore, as one of our highly regarded and prioritised digital transformation projects of the Group, and for the first time in the Group's history, we are proud to announce that we will be launching the Singapore's first on-demand Aircon servicing mobile application – Coolfix in around Q2/Q3 of 2022, after more than 3 years of development, enhancement and testing.

Maintenance in progress (Residential)

OPERATIONS REVIEW

Coolfix will connect established independent Aircon contractors and users on-line and in real-time to deliver instant matching of market demand to services vendors. The Coolfix contractor application and user application are available to download on both Google Play Store and Apple Store.

We believe Coolfix has good market potential and once operational, promises to generate a new revenue stream to our Group. We estimate the total addressable market for Coolfix is S$15.6 million annually fan coils servicing.

For more information, you can view from the following website: www.Coolfix.com.sg.

PAINT AND COATINGS DIVISION

2021 was a year of adapting to the new norms for the Paint and Coatings Division though recovery of the built environment industry was unfortunately constrained by escalating material cost spikes as well as manpower shortages in the region. Nevertheless, the team still managed to keep operating cost low amidst the different challenges faced.

As Singapore throttles her drive towards sustainability with the adoption of the Green Plan 2030, the Paint and Coatings Division is likewise complementing these efforts and actively exploring new growth opportunities in the development and distribution of sustainable coating solutions with likeminded partners for the regional market.

With the Covid-19 pandemic still impacting the economic landscape, the Paint and Coatings Division remains committed in conducting our business with integrity, and to grow our business and people in a sustainable manner by responding strategically to the everchanging economic conditions.

INVESTMENT DIVISION

2021 was a tough year for our Investment Division. From the effect of Covid-19 impact, we were unable to increase much on our rental rates to our tenants when they renew the leases. In anticipation, we have taken a S$4.3 million impairment on the division's property, plant and equipment.

REGIONAL BUSINESS DIVISION

Regional sales growth was affected by the Covid-19 pandemic. The regional market saw low growth as most regional countries had implemented lock-downs and new developments were deferred.

Furthermore, the unrest in Myanmar had caused the suspension of some projects in that country. Supply chain issues caused disruptions to the delivery and flow of products and equipment. These negative issues had affected our sales growth performance for 2021.

Our division was appointed as authorised distributor by Gree air-conditioning equipment for the Sri Lanka market in 2021. We are hopeful that it will increase our market coverage in Sri Lanka.

Paint and color book

OPERATIONS REVIEW

FOOD AND BEVERAGES DIVISION

The Group's F&B business recorded revenue of S$3.7 million in 2021, a significant improvement as compared to 2020.

With the continuing efforts in the F&B Division, we are heartened that the Pen Cai sales in the Lunar New Year 2022 achieved a new sales record. Our dumpling sales at the outlets and NTUC Fairprice chain of supermarkets in 2021 has also helped to improve our sales. In 2022, we will be entered into more NTUC Fairprice locations (2021: 9) and hope to boost the sales for the division. In anticipation of increased sales volume, we moved from our factory in Woodlands to larger premises at Bedok Food City in Q4 2021.

All Dumpling Types

Nyonya Dumpling

CNY Pen Cai & YuSheng Plate

CNY Buddha Jumps Over The Wall

Chili Crab – Abang Recipe

CNY Pen Cai

CNY YuSheng Plate

Sweet and Sour Chicken Rice – Abang Recipe

FINANCIAL REVIEW

REVIEW OF INCOME STATEMENT

The Group generated revenue of S$148.0 million for the financial year ended 31 December 2021 ("FY2021"), an increase of S$27.8 million, or 23.1% compared to S$120.2 million in the last financial year ended 31 December 2020 ("FY2020").

Our Aircon Division reported an increase in revenue of S$26.9 million, or 24.4% compared to FY2020. The increases were mainly from the Trading Department of S$16.1 million, Mechanical & Electrical Department of S$4.9 million, Commercial Installation Department of S$7.0 million and a decrease in Regional Sales Department of S$2.5 million. Our Paint and Coatings Division also recorded an increase in revenue of S$0.5 million, or 16.8% compared to FY2020. Lastly, our Food and Beverages ("F&B") Division recorded an increase in revenue of S$0.5 million, or 15.6% compared to FY2020. This was an improvement in our Group's revenue as compared to FY2020 because we did not experience the same "Circuit Breaker" type restrictions on business which affected our Aircon Division's and Paint and Coatings Division's sales in FY2020. In contrast, our F&B Division performed better in FY2021 because of better festive season sales.

Gross profit margins were 13.9% in FY2021, 1.4 percentage points lower than FY2020. The decrease in gross profit margins were experienced at our Investments Division, Paint and Coatings Division, Aircon Division and F&B Division. At the Investment Division, building maintenance costs have increased significantly due mainly to an increase in depreciation of property, plant and equipment by S$0.8 million. Furthermore, there were also costs incurred to maintain and remove our temporary living quarters ("TLQ") of S$0.2 million in the first quarter of 2021. The TLQ has since been decommissioned. Increase in the electricity charges have further reduced gross profit margin of the Investment Division. At the Paint and Coatings Division, the reduction of gross profit margin was mainly due to increase in the raw material price charged by the suppliers.

Other income decreased by S$1.2 million or 37.8% in FY2021 mainly due to lower government grants received, such as funding from the Job Support Scheme, foreign worker levy rebates, property tax rebates and cash grant related to rental relief. This was offset by the gain on disposal of property, plant and equipment and the rental deposit forfeited from tenants.

Distribution expenses increased by S$1.0 million or 50.2% in FY2021 mainly due to higher transportation expenses of S$0.4 million (attributable primarily to higher delivery costs by Aircon Division's Trading Department due to higher sales volumes in FY2021). There is also an increase in the entertainment expenses by S$0.1 million as a result of increased business development efforts. Regional Sales Department incurred S$0.2 million of commissions for its regional sales. Aircon and F&B Divisions incurred S$0.2 million for advertisement due to the improvement of sales.

Administrative expenses increased by S$2.4 million or 15.1% in FY2021 mainly due to higher staff costs from Aircon and F&B Divisions by S$1.0 million as we restored salary cuts implemented in FY2020, and also selectively increased employee salaries amidst a tight labour market in Singapore. Depreciation has also increased by S$0.3 million due to additional machineries and motor vehicles bought for business purposes. Professional fees increased by S$0.3 million, mainly due to expenses relating to the setting up of the Group's core digital team in response to our application and participation in Singapore's Digital Leader Programme ("DLP")

FINANCIAL REVIEW

that amounted to S$0.1 million, legal fees incurred to support our corporate activities, and fees paid to a consultant for further customisation of our human resource information system. Rental expenses increased by S$0.4 million mainly due to a sub-let penalty fee charged by government agency in respect of our property at 87 Defu Lane 10. Lastly, utility costs increased by S$0.2 million.

Other expenses increased by S$4.9 million. The Group incurred an impairment losses of S$4.6 million on the property, plant and equipment of Investment and F&B Divisions. For more information, please refer to Note 4 on "Notes to the Financial Statements" of this Annual Report. Furthermore, a markdown of S$0.6 million from the fair value of the investment in SPHomes Pte. Ltd. was made due to its underperformance. However, the rental rebates that we granted to our tenants in FY2020 of S$0.6 million did not recur in FY2021.

Finance costs increased by S$0.1 million or 11.3% in FY2021 mainly due to higher interest imputed on lease liabilities on the property at 29 Tai Seng Avenue and additional loan interest for additional banking facilities.

Tax expense of S$0.2 million has been provided.

Arising from the above, the Group reported a loss after tax of S$5.9 million in FY2021 including a losses attributable to non-controlling interests of S$247,000.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Property, plant and equipment decreased by S$6.1 million in FY2021 mainly due to the impairment loss at the Investment and F&B Divisions of S$4.6 million and depreciation charge for the year of S$7.7 million. During the year, we acquired a leasehold property located at Woodlands for S$0.9 million, incurred renovation costs of S$1.0 million, purchase of motor vehicle of S$0.8 million, machineries and equipment for S$0.6 million and other assets for S$0.2 million. We have also recognised the right-of-use assets of S$1.8 million for the recently signed lease contracts by our F&B and Paint and Coatings Divisions, and another S$0.9 million of right-of-use has been recognised due to changes in its payment terms. On the other hand, there is also S$0.3 million of assets acquired through the business combination being our acquisition of a 51% interest in Nam Fang Co Pte Ltd. ("Nam Fang Acquisition").

Investment property increased by S$1.0 million from the Nam Fang Acquisition.

Other investments (current and non-current) increased by S$0.4 million mainly due to the investment in money market funds of S$1.0 million. This has been offset by the fair value loss of the investment in SPHomes Pte. Ltd. of S$0.6 million due to underperforming expectations.

Inventories increased by S$0.5 million mainly due to stocking up in anticipation of better sales and in light of potential supply chain issues related to Aircon Division of S$0.2 million. Furthermore, there is also an increase in Paint and Coatings Division of S$0.2 million from the bulk purchase to secure lower raw material price and S$0.1 million from F&B Division for festive season preparation.

Contract assets increased by S$3.4 million mainly due to Nam Fang Acquisition of S$3.2 million.

FINANCIAL REVIEW

Trade and other receivables (current and non-current) increased by S$2.8 million mainly from the Nam Fang Acquisition of S$0.9 million and the services rendered to customers but not billed yet of S$0.8 million. We have also made payments for security deposits of S$1.0 million.

Loans and borrowings (current and non-current) increased by S$6.2 million mainly from the new loan drawdown of S$5.0 million and utilisation of invoice financing facilities of S$2.7 million. The Nam Fang Acquisition has contributed S$1.8 million. These has been offset by the repayments of loans and lease liabilities of S$1.4 million and S$4.7 million, respectively. There were also new lease liabilities recognised relating to the newly signed lease contracts of S$1.8 million, S$0.9 million due to changes in lease modification and disposal of right-of-use assets and an increase in hire purchase for motor vehicles of S$0.1 million.

Trade and other payables increased by S$3.9 million in FY2021 mainly from the Nam Fang Acquisition of S$3.2 million. F&B Division incurred S$0.5 million for the purchase of raw materials, machineries, equipment and renovation works but not due for payment.

REVIEW OF STATEMENT OF CASH FLOWS

In FY2021, we recorded a net cash inflows of S$8.5 million before changes in working capital.

We recorded working capital outflows of S$2.9 million mainly attributed to the increases in trade and other receivables of S$1.9 million, inventories of S$0.5 million, contract assets of S$0.2 million and trade and other payables of S$0.7 million. This has been offset by the decrease in contract liabilities of S$0.9 million.

We have also made tax payments to Inland Revenue Authority of Singapore amounted to S$0.2 million.

We recorded net cash used in investing activities of S$4.7 million in FY2021 mainly due to the purchase of property, plant and equipment and intangible assets of S$3.6 million, investment in money market funds of S$1.0 million and acquisition of subsidiaries of S$0.3 million. This has been offset by the proceeds received for disposal of plant and equipment of S$0.3 million.

We recorded net cash used in financing activities of S$0.1 million in FY2021 mainly due to the payments of lease liabilities, interests, and loan repayments amounted to S$7.2 million. We have also made dividend payments of S$0.4 million. This has been offset by the utilisation of invoice financing facilities of S$2.7 million and the new loan drawdown of S$5.0 million.

As a result, our cash and cash equivalents increased by S$0.9 million to S$11.6 million as at 31 December 2021.

BOARD OF DIRECTORS

MR GOH TECK SIA
INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN OF THE BOARD

Mr Goh was appointed as an Independent Non-Executive Director of the Company on 8 February 2017 (Date of last re-appointment as Director: 28 April 2020). He is the Chairman of the Board, Chairman of our Remuneration Committee and a member of the Company's Audit and Risk and Nominating Committee.

Mr Goh was a career police officer and he retired from the Singapore Police Force ("SPF") in end January 2017 after serving for about 50 years.

During his long and illustrious career, he served in senior positions in units including Police Academy, Special Operations Command (Police Task Force), Police Operations Department and Criminal Investigation Department. Mr Goh also served in a number of Police Land Divisions such as Central Police Division, Beach Road Police Division and Tanglin Police Division.

Prior to his retirement, Mr Goh was the Head, Support & Technical cum Head Discipline at Tanglin Police Division holding the rank of Deputy Superintendent of Police.

Mr Goh received the Long Service Medal in 1995, and the Commendation Medal in 2005. He also received the Appreciation Certificate in 2010 from the President of Singapore and Congratulatory Note from the Permanent Secretary, Ministry of Home Affairs in 2016 for his services and contributions to the nation.

On 23 March 2019, Mr Goh was appointed as the Vice-President of the Singapore Police Retirees Association ("SPRA").

Other principal commitments	Present directorships in listed companies (Other than the Company)
None	None

MR TSNG JOO PENG
EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

Mr Tsng was appointed to our Board on 1 August 2005 (Date of last re-appointment as Director: 26 April 2018) and he was appointed as our Group Chief Executive Officer ("CEO") on 31 October 2013. As Group CEO, he is primarily responsible for overseeing strategic planning, overall business expansion and management of our Group. Mr Tsng has been a Director of Natural Cool Airconditioning & Engineering Pte Ltd, a subsidiary of the Company since 1993. Prior to joining our Group, Mr Tsng was a Director and Shareholder of Aircon Designs Pte. Ltd., Aircon Designs Services Pte. Ltd., QPA Pte. Ltd., Quality Perfect Assurance Pte. Ltd. and NC Airconditioning Pte. Ltd..

Other principal commitments	Present directorships in listed companies (Other than the Company)
Director of Natural Cool's Group of Companies	None

BOARD OF DIRECTORS

MR CHOY BING CHOONG
EXECUTIVE DIRECTOR AND GROUP CHIEF OPERATING OFFICER

Mr Choy joined the Company as Chief Investment Officer in July 2014 and assumed the position of Group Chief Operating Officer in March 2020 while joining the Board at the same time (Date of last re-appointment as Director: 28 April 2020). He is responsible for execution of the Group's business strategies and plans, overseeing financial, administrative, human resources, investor relations, regulatory and compliance functions, as well as charting the growth of the Group through identification of merger and acquisition opportunities and management of the Group's investments.

Mr Choy has more than 30 years of work experience in a variety of roles in multiple industries and countries. Prior to joining our Company, he spent 8 years with the Corporate Finance Department at CIMB Bank Berhad, Singapore Branch, where he last held the position of Director, Corporate Finance. Before his stint at CIMB Bank Berhad, Singapore Branch, Mr Choy served 3 years in the Corporate and Capital Markets Group at Rajah & Tann. Apart from his home base in Singapore, he has also worked in China, the United Kingdom and Indonesia.

He is a Fellow Chartered Accountant of Singapore and holds a Bachelor's of Accountancy Degree from the National University of Singapore. He is also a member of the Singapore Institute of Directors.

Other principal commitments	Present directorships in listed companies (Other than the Company)
None	Hiap Tong Corporation Ltd. Hoe Leong Corporation Ltd. Zhongmin Baihui Retail Group Ltd.

MS LAU LEE HUA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Lau was appointed as an Independent Non-Executive Director of the Company on 8 February 2017 (Date of last re-appointment as Director: 28 April 2020). She is the Chairman of our Audit and Risk Committee and a member of the Company's Nominating and Remuneration Committees.

Ms Lau is the proprietor-auditor of Lau Lee Hua & Co., a public accounting firm, since 1995. She also became a partner in Wong, Lee & Associates LLP, another public accounting firm in 2018. She is a practising member of Institute of Singapore Chartered Accountants having been admitted in 1995 and upgraded to a Fellow of the Association of Chartered Certified Accountants in 1997. She is a Public Accountant of Singapore registered with the Accounting and Corporate Regulatory Authority. She was appointed as Honorary Treasurer of the Movement for the Intellectually Disabled of Singapore ("MINDS"), a voluntary welfare organisation, on 28 September 2013 and on 30 September 2017, she was appointed as Honorary Auditor. Ms Lau was awarded the "Long Service Award" by the People's Association in 2001 and the "MINDS Meritorious Service Award" by Movement for the Intellectually Disabled of Singapore in 2009 and the "Dedicated Service Award" when she retired from MINDS board in 2019. In 2017, National Council of Social Services awarded 15 years "Long Service Award" for her invaluable service to MINDS.

Other principal commitments	Present directorships in listed companies (Other than the Company)
Lau Lee Hua & Co.	None

MR TAN SIEW BIN RONNIE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Tan was appointed as an Independent Non-Executive Director of the Company on 28 July 2021. He is the Chairman of our Nominating Committee and a member of the Company's Audit and Risk and Remuneration Committees.

Mr Tan is one of the founding Directors of Central Chambers Law Corporation in Singapore with more than 30 years of post-qualification experience. He is a Notary Public, Commissioner for Oaths and heads of the Civil and Criminal practice. Mr Tan began his legal practice as a litigator and moved into areas of corporate and commercial advice. Mr Tan holds a Bachelor of Laws from University of London and admitted to the English and Singapore Bar in 1989 and 1991 respectively.

Other principal commitments	Present directorships in listed companies (Other than the Company)
Central Chambers Law Corporation Chambers Resources Pte Ltd	None

KEY MANAGEMENT

MR NEO HAN CHENG
DIRECTOR AND CHIEF OPERATING OFFICER, NATURAL COOL AIRCONDITIONING & ENGINEERING PTE LTD

Mr Neo was appointed to his current position on 19 July 2007 and is primarily responsible for the overall management, business planning and daily operations of Natural Cool Airconditioning & Engineering Pte Ltd's ("NCAE") Commercial Installation Department.

Mr Neo joined our Group in 1997 and was promoted to an Assistant General Manager in 2005 where he was responsible for the implementation and evaluation of marketing strategies for NCAE. Prior to his appointment as Assistant General Manager, Mr Neo was a Project Manager of NCAE for seven years. From 1994 to 1997, he worked as a Technical Officer in the Port of Singapore Authority, where he was responsible for the supervision of the maintenance and servicing of mechanical and electrical building services. Mr Neo graduated with a Diploma in Manufacture Engineering from Singapore Polytechnic in 1990.

MR TAN KIAN YONG
DIRECTOR, NATURAL COOL AIRCONDITIONING & ENGINEERING PTE LTD

Mr Tan was appointed as a Director of NCAE on 15 February 2017. He is primarily responsible for the Mechanical & Electrical ("M&E") Department, including the Retail and Commercial Service Teams and Fire Protection Teams.

Mr Tan joined our Group as a Service Manager in 2002 and was promoted to an Assistant General Manager in year 2005 and seconded to the Group's Shanghai office from April 2006 to December 2008, responsible for business development, planning for both M&E installation projects and service and maintenance projects and was responsible for its daily operations. Mr Tan is also a Director of NC (Singapore) Pte. Ltd., a subsidiary of NCAE Pte Ltd since January 2009, where he is responsible for the overall management, business planning and strategic execution of its operations.

MR LEE WAN KAH
DIRECTOR, NATURAL COOL AIRCONDITIONING & ENGINEERING PTE LTD

Mr Lee joined the Group in 15 April 2006 as a Manager in one of the Group's former subsidiaries. In early 2009, he was transferred to Natural Cool Investments Pte. Ltd. to be Personal Assistant to Director (Special Project), and left the Group at the end of 2009 to pursue his own interests.

Mr Lee returned to the Group in 2012 as a Director of our Trading Department and was appointed as a Director of NCAE on 15 February 2017. He is primarily responsible for the performance of our Trading Department at both our Defu Lane and Bukit Batok outlets, including overall management, business planning and daily operations. Mr Lee's business experience and astuteness lead Trading Department's sales to improve year-on-year since 2012, increasing our industry market share in Singapore. He spearheaded the expansion of Natural Cool's brand name into Malaysia, and set up outlets in Johor Bahru and Kuala Lumpur in 2015. He is also responsible for the implementation of business and evaluation of marketing strategies to capture local market share and improve sales in Malaysia.

MS TENG GEK CHUI
FINANCIAL CONTROLLER

Ms Teng joined the Group in February 2008 and was promoted to the position of Financial Controller in May 2019. As a Financial Controller, she is responsible for reporting, banking, legal, compliance matters, budgeting and overseeing full spectrum of financial activities of the Group.

Prior to joining the Group, she was an auditor at BDO LLP and Ernst & Young LLP, where she was involved in the statutory audit of companies. Ms Teng is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Goh Teck Sia
Independent Non-Executive Director and Chairman

Mr Tsng Joo Peng
Executive Director and Group Chief Executive Officer

Mr Choy Bing Choong
Executive Director and Group Chief Operating Officer

Ms Lau Lee Hua
Independent Non-Executive Director

Mr Tan Siew Bin Ronnie
Independent Non-Executive Director

AUDIT AND RISK COMMITTEE
Ms Lau Lee Hua
Chairman

Mr Tan Siew Bin Ronnie
Member

Mr Goh Teck Sia
Member

NOMINATING COMMITTEE
Mr Tan Siew Bin Ronnie
Chairman

Ms Lau Lee Hua
Member

Mr Goh Teck Sia
Member

REMUNERATION COMMITTEE
Mr Goh Teck Sia
Chairman

Ms Lau Lee Hua
Member

Mr Tan Siew Bin Ronnie
Member

COMPANY SECRETARIES
Ms Yeoh Kar Choo Sharon
Ms Teng Gek Chui

AUDITOR
KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Partner-in-charge
Ms Tan Yek Lee Doreen
(With effect from financial year 2019)

CATALIST CONTINUING SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

REGISTERED OFFICE
29 Tai Seng Avenue
#07-01 Natural Cool Lifestyle Hub
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Tel: (65) 6454 5775
Fax: (65) 6454 6776
Website: http://naturalcool.listedcompany.com

SHARE REGISTRAR
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

PRINCIPAL BANKERS
United Overseas Bank

INVESTOR RELATIONS
Email: corporateaffairs@natcool.com

SUSTAINABILITY REPORT

INTRODUCTION

ABOUT THIS REPORT

This Sustainability Report is approved by the Board and prepared in accordance with the following regulations, standards, and guidelines:

- Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B on Sustainability Report, and SGX Sustainability Reporting Guide
- The Global Reporting Initiative ("GRI") Standards – Core Option
- Singapore Green Plan 2030 ("SG Green Plan")
- United Nations Sustainable Development Goals ("SDGs").

The statistical data disclosed in this Sustainability Report are derived from our own statistics. Meanwhile, review the contents to determine its relevance to our business as well as to ensure the current and emerging material topics of significance pertaining to sustainability and the interests of our stakeholders are addressed. We will seek to provide additional disclosures and consider external assurance as our sustainability reporting matures over time. A historical comparison to the previous years is presented where possible. We will continue to assess and improve our data collection over time.

The GRI Content Index is contained on pages 30 to 32, indicating the location of the applicable disclosures within this Annual Report.

REPORTING PERIOD AND SCOPE

This Sustainability Report covers the environmental, social, and governance ("ESG") principles, initiatives and performance of all business segments across the Group. It contains information for the financial year 1 January to 31 December 2021, unless otherwise stated.

FEEDBACK

We value feedback from our stakeholders as it allows us to continually improve our sustainability policies, processes and performance. Kindly address all feedback to us at report.sr@natcool.com. Your feedback is important to us so that we can improve on our future reporting.

STATEMENT FROM THE BOARD

Sustainability is the future. While Covid-19 continues to rage across the world, the Singapore government is pushing ahead with an ambitious sustainability strategy to build back an even stronger economy and society in the post-pandemic era. The SG Green Plan launched in February 2021, sets a mission for the city-state to achieve its long-term net-zero emissions goal "as soon as viable".

While the pandemic has affected many lives and livelihoods, it has provided us with a great opportunity to emerge stronger and more sustainable. The Board views oversight and effective management of ESG related risks and opportunities as essential to the Company's ability to execute its strategy and achieve long-term sustainable growth.

Environmental

As we build back, we embrace a new normal and seize opportunities for green recovery. We need to first start with sustainability at our daily operations, for example, to adopt environmentally friendly habits, and start green procurement.

Social

Our people is the key pillar in ensuring the ongoing sustainability and continuity of the business. The Board works closely with the Management to ensure that our people were well taken care of, either in the work place or where they live.

Aligned with our responsibility to the society, we give back to the community by tendering our love and support to the senior citizens and the needy amidst this pandemic.

Governance

Our governance system supports a disciplined approach, ensuring the Company implements sustainability strategy across the business, manage goal-setting and reporting processes, strengthen relations with external stakeholders, and ensure overall accountability.

We reaffirm the importance of ensuring long-term growth and creating shareholder value. This Sustainability Report showcases our efforts to build relationships with our key stakeholders. In our past reports, we highlighted several initiatives to promote sustainability in our business operations. We are pleased to report that we have continued to make progress in our performance. Moving forward, we will continue to create positive impact aligned with the SDGs and SG Green Plan to meet expectations of various stakeholders from employees, customers and shareholder to suppliers and local communities through our businesses.

SUSTAINABILITY REPORT

HIGHLIGHT

2021 SUSTAINABILITY PERFORMANCE AT A GLANCE

ESG FACTOR	2019	2020	2021
Environmental			
Number of recycled refrigerant cylinders**	N.A.	4,211	**3,927**
Percentage of 5-ticks air-conditioner sold	70%	65%	**90%**
Social			
Number of permanent employees as at year end	442	387	**462**
Proportion of female employees (%)	26%	27%	**27%**
Proportion of local employees (%)	36%	40%	**42%**
Number of new hires	143	68	**125**
Employee turnover rate (%)	23%	30%	**19%**
Number of reportable accidents	1	0	**0**
Economic			
Revenue (S$'000)	143,654	120,208	**147,953**
Net (loss)/profit after tax (S$'000)	(2,636)	1,114	**(5,910)**
Employee wages and benefits (S$'000)	18,724	16,520	**18,607**
Dividends on equity shares (S$'000)	Nil	376	**351**
Governance			
Overall SGTI* score (points)	39	81	**86**
Overall SGTI* ranking	498	99	**71**

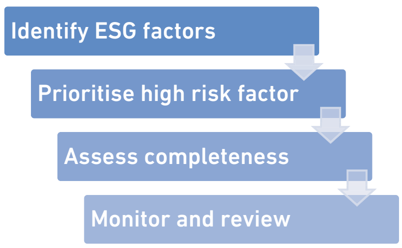
** Singapore Governance and Transparency Index*
*** Commenced in 2020*

SUSTAINABILITY REPORT

APPROACH

SUSTAINABILITY MANAGEMENT

Our Sustainability Reporting Committee ("SR Committee") headed by the Group Chief Executive Officer ("CEO"), Group Chief Operating Officer ("COO") and supported by all senior management staff across different business functions, guides our sustainability strategy as part of the Group's overall business strategy and provides direction in determining material ESG factors. The SR Committee is responsible for the management and monitoring of our ESG factors, ensuring they are integrated into our day-to-day operations, to meet the Company's Values, and to strengthen our sustainability strategy further. The SR Committee uses GRI Standards and SDGs as guidelines in assessment.



ESG performance is closely monitored against established targets, to be evaluated periodically to tighten our engagement with stakeholders to understand their expectations and concerns. Shortfalls are investigated and efforts are made to achieve the targets. A description of our performance is provided throughout this Sustainability Report in the relevant chapters.

Covid-19 has highlighted the importance of sustainable development, especially the social aspects relating to our stakeholders and the community. Amid the uncertainty, we have taken precautionary measures beyond those prescribed by the Government to ensure that all our stakeholders remain safe during the pandemic. We see sustainability as an active value driver where new opportunities could be gained, in addition to managing ESG risks as a necessary license to operate.

We Are Accredited

We use internationally recognised certifications to benchmark our commitments and initiatives i.e. ISO 45001 and BizSAFE STAR certifications to safeguard our people and ISO 9001 to ensure the quality of our products and services.

MATERIALITY ASSESSMENT

The materiality assessment forms part of our dialogue with our stakeholders. By communicating with them about key topics, we gain a better understanding of their different views and perspectives. This in turn enables us to actively address important issues and challenges and to report on them transparently. Hence, the Group is committed to undertaking a materiality assessment regularly. We believe doing so will help us identify new trends, evolve our strategy accordingly and tailor our reporting to align it to the interests and needs of our business and our stakeholders.

OUR MATERIALITY PROCESS

We rely on our internal process to assist in the identification and prioritisation of issues that are most relevant and significant to the Group and our stakeholders. These issues are mostly linked to the Group's overall strategy and other major areas of business sustainability. A discussion was then facilitated with the SR Committee members and thereafter, evaluated each ESG factor based on the influence on stakeholder decisions and significance of environmental and social impact.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

While we work on our sustainability efforts, we also aim to align our business interests with that of our stakeholders, who comprise those who are impacted by our businesses and operations. By assessing the significance and impact of their interest on the Group's business, we have singled out six key stakeholder groups:

Stakeholders	Impact and Significance	How We Listen	How We Respond
Employees	• Part of our human capital whose competencies and well-being are fundamental to the Group's operational effectiveness	• Regular staff dialogue sessions • Mobile chat groups • Training programs and courses • Safety briefings and courses • Safety drills and site inspections • Annual appreciation events and festival celebrations • Volunteering and charitable events • Whistle-blowing policy	• Talent retention and attraction • Employee safety and well-being • Training and development opportunities • Efforts to promote work-life balance • Remuneration and benefits • Employee welfare • Employee volunteerism
Customers	• Maximise customer satisfaction, understand customers' needs and expectations • Provide quality products and services • Build long lasting relationships with customers	• Annual appreciation events • Company website • Social media platforms, e.g. Facebook • Feedback handling through emails/phone calls • Whistle-blowing policy	• Design and workmanship • Customer satisfaction and experience • Quality products and services • Environmental conservation • Communication
Investors	• Maximise shareholder returns • Practice good corporate governance, transparency and disclosures • Strive for sustainability and long-term growth • Accurate and timely updates Company's business progress, financial report	• Half-yearly financial results announcement • Annual Report • Annual General Meeting ("AGM") • Extraordinary General Meeting ("EGM") • Regular business updates • Whistle-blowing policy	• Financial stability • Long-term growth plans • Market diversification • Geographical expansion • Risk management • Corporate governance • Sustainability efforts
Business Partner	• Promote collaborative partnership and opportunity with our partners, including suppliers and subcontractors, to nurture and expand the business	• Supplier's Code of Conduct • Regular supplier visits/meetings • Annual performance evaluation • Safety briefings and courses • Personal Data Protection Act ("PDPA") compliance clauses specified in contracts • Whistle-blowing policy	• Quality assurance • Certifications • Supply chain management • Occupational health • Safety practices • PDPA Compliance
Community	• To be a responsible corporate citizen who cares for society, the environment and the people around us	• Volunteering and participation in charitable events • Annual corporate social responsibility programme • Whistle-blowing policy	• Raising awareness through sustainable business practices and high-quality products
Government	• Provides regulatory oversight, ensuring that ethical practices, and legal concerns are being handled responsibly	• Obtain up-to-date information about change in regulations • Review policies and procedures regularly to ensure compliance	• Comply with regulations and avoid disputes and prosecutions

SUSTAINABILITY REPORT

IDENTIFYING MATERIAL ESG FACTORS

Surrounding these material issues, we have identified the following material ESG factors for year 2021. As we strive to improve our level of transparency and timely communication to all our stakeholders, we will be reviewing the significance of, and reporting other ESG factors in the following years.

Focus	Impact to Stakeholders	2021 Performance	2022 Commitments & Targets
Environmental			
Climate Change	• Air conditioning represents one of the most challenging cause of climate change, and one of the most difficult technological problems to fix • Non-compliance with regulatory requirement will result in fines and bad reputation • Refrigerant cylinder contains materials that are harmful. Proper handling and disposal can prevent accidents, injuries and penalties	• Full compliance with the National Environmental Agency ("NEA")'s requirement • Sale of energy efficient air conditioning units, hit a record high of 90% of Aircon's total sales revenue • Collected 3,927 (2020: 4,211) recyclable used refrigerants cylinders, did not meet targeted 5% increase due to relocation of the collection bin	• No incident of non-compliance with environmental regulations • Maintain the total sales revenue of air-conditioner models with energy efficiency rating of 5-ticks • Continue the recycling project, to widely publicise to customer and contractor in our website, target to record at least 5% increase in total collection • Incorporate sustainability in procurement • Roadmap for emissions reduction • Enter into collaborations with partners to introduce environmentally friendly and sustainable products to our markets
Social			
Our People, Our Society	• Fair and merit-based employment practices are important to our employees, investors, regulators, and community as they affect our ability to attract, retain, and develop local talents	• Turnover rate improved, was 19% (2020: 30%) • Team building retreat was suspended due to safe distancing measures • Fostering work-life balance by promoting flexible work arrangement • Zero discrimination cases	• Target turnover rate not exceeding 25% • More team building events to be organised across the departments to improve teamwork once safe distancing measures are further loosened • Fostering work-life balance by continuing flexible work arrangement • No tolerance to workplace discrimination
Employee Health, Safety and Well-Being	• Business continuity • Severe injury and human loss are immeasurable and intolerable, such loss or injuries can employ major loss to a family	• Maintained international recognised standard for safety management • No accident resulting in fatality or serious injury reported (2020: Nil) • Regular briefings and training courses on employee health and safety amidst pandemic • Enhanced the use of telecommuting to minimise the risk of infection and manage office occupancy limit	• Maintain international recognised standard for safety management • Zero fatalities and workplace accidents across all business operations • Regular briefings and training courses on employee health and safety post-pandemic

SUSTAINABILITY REPORT

Focus	Impact to Stakeholders	2021 Performance	2022 Commitments & Targets
Training and Development	• Training is important to provide good opportunity for employees to grow their knowledge base and improve job skills to become more effective in the workplace. Despite the cost of training for employees, the return on investment is immense	• Training courses and programs sponsored by the Group • 133 (2020: 117) employees attended skills and safety training, despite safe management measures being implemented	• Continue to provide our employees opportunities to learn and grow in the forthcoming year to offer internal and external training courses relevant to their job scopes
Community Betterment	• To give back to the community, take part in philanthropic causes, and build positive social value in the Group	• 2 corporate social responsibility ("CSR") activities were organised to help at least 20 families	• Try our best to step up CSR efforts post-pandemic
Economic			
Supply Chain Management	• Provide quality and sustainable products and services – this is a critical factor in the long-term success of a business • Reduce the operating costs connected to supply chain, which contributes to a greater profit ultimately • Contributes to the speed of product flows to customers	• Zero significant non-conformances raised against our products or services • Halal compliance in our F&B supply chain	• Zero significant non-conformances raised against our products or services • Halal compliance in our F&B supply chain
Sustainable Business Performance	• Quickly adapt to disruptions while maintaining continuous business operations and safeguarding people and assets • Improve brand value and reputation	• Quick response to pandemic to protect the safety of employees, so that we are able to recover steadily in the post-pandemic time • Putting IT systems in place to enable efficient telecommuting • Continue existence in food ordering platforms meanwhile expanding F&B Division production capacity	• Adhere to strict safety management measures at workplace • Digital transformation • Diversification
Governance			
Anti-Corruption **Business Ethics**	• Applies across the Group's business operations • Compliance with legislation as well as national and international standards of corporate governance in anti-corruption and anti-competitive behavior	• No incident of corruption and fraud • No legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation • Sound risk management and internal control system put in place by the Management	• Zero-incident on corruption, monopoly and fraud • Continuous strengthening of the enterprise risk management and internal control system • Continuously maintain its high standard of corporate governance and ensure compliance with legislative and regulatory requirements in Singapore • Audit and Risk Committee is responsible for reviewing findings of internal investigations into suspected fraud, irregularity or infringement of any relevant laws, rules and regulations within the organisation that is likely to have a material impact on the Group's performance

SUSTAINABILITY REPORT

SUSTAINABILITY PERFORMANCE

ENVIRONMENTAL

WE COMMITTED TO CLIMATE CHANGE

To deal with global warming caused by the increasing penetration rate of air-conditioners, we continually support our brands to spread positively conscious products using energy efficient inverter technology which has zero Ozone Depletion Potential ("ODP") and lower Global Warming Potential ("GWP"). We make expeditious efforts to promote more 5-ticks air-conditioners to customers as part of our continued commitment to become an environment-friendly organisation. In 2021, our sale of this highest energy efficiency air-conditioners hit a record high of 90%.

We have in 2021 continued to promote the used refrigerant gas cylinders recycling program. The same NEA licensed vendor is engaged to collect the cylinders and dispose them in a safe environment. Such disposal of used refrigerants recycling and reclamation is part of our efforts to tackle the rising risk of climate change and ozone depletion, and we will continue this exercise to show our determination to build a greener environment. We are pleased that a total of 3,927 cylinders were collected. The slight decline in number of cylinders collected compared to last year is due to the relocation of our recycle bin and lack of publicity. We will increase the prominence of this program through our website in the coming year.

In 2021, we kick started a 2-year project to upgrade our ERP system with the motive to transform our organisation into a digital enterprise. Go green, go paperless. We promote zero cash or cheque policy for all payments to suppliers unless necessary, meanwhile we encourage our customers to make payment electronically. Currently, all inter-group billings are electronic, no paper invoice is printed. We believe all these small steps will contribute to convening the Group into a greener and more sustainable culture.

We will continue to embed energy efficiency and sustainability considerations in our day-to-day procurement, purchase environmentally friendly products and services, and in the selection of contractors and the setting of environmental requirements. In 2022, we will develop our roadmap to replace our current petrol and diesel vehicles to emission reduction options.

SUSTAINABILITY REPORT

SOCIAL

OUR PEOPLE, OUR COMMUNITY

We recruit and promote suitable candidates according to their abilities and competencies relevant to the position. At the end of 2021, with 125 new hires in the year, we now have a total of 462 (2020: 68 new hires and 387 total staff strength) employees across the Group, of which, 52 are from a newly acquired subsidiary. With a growing portfolio of businesses and investments, we review our workforce-mix to cope with the constantly-changing business needs. New positions are created to support our business expansion plans, while maintaining high quality standards. We value new hires who can provide fresh views and new ideas to our business and processes.

We aim to develop our talent pool and to ensure sustainable operations management by enhancing the following measures in phases:

- empower employees through skills-based training and career development opportunities;
- engage employees by conducting dialogue sessions between employees and management;
- review employee remuneration and benefits annually by benchmarking with industry average; and
- enhance employee welfare, such as promoting flexible work arrangements.

Our turnover rate improved from 30% to 19% in this year. We understand the importance of safety and stability of our employees are necessary for them to do their best work, especially during this pandemic. Our Management aspires constantly to create a safe and secure working environment physically and financially, to enable our people give their full attention to the basics of their job, to go on to inspire, motivate and engage them further. We also try to find the right balance between stability and change in the race for digital transformation.

FOSTERING WORK-LIFE BALANCE	EQUAL & NON-DISCRIMINATORY WORKPLACE
We continue to enhance technological capabilities to support flexible working style that is less dependent on specific times and locations, reduce the burden of travel for employees hence allow them to have more quality time with friend and family. We recognise the need to consider these matters from a medium to long-term perspective.	We recruit people from all age groups and genders. There were no incidents of discrimination reported in 2021. We have more male employees than female employees due to work nature of the construction and servicing teams, while other functions have a balance of male and female employees. We highly value equal opportunities, respect human rights and have zero tolerance for discrimination or harassment of any kind.
EMPLOYEE RIGHTS AND BENEFITS	**PARENTAL LEAVE**
We value and recognise our people's contributions to our success. We constantly review our employment policies and remuneration practices to ensure compliance with the updated employment laws, in order to keep up with the best industry practices and provide an optimal working condition for our people. Protection of human rights are strictly observed in our operations.	We support the Singapore government's pro-family legislation and adopt welfare practices to enhance this pro-family environment at the workplace. In 2021, we have 3 female employees (2020: 1 female and 1 male) who utilised their parental leave and resumed work thereafter. We will continually enhance these pro-family practices and work towards building a conducive workplace for our working parents.

SUSTAINABILITY REPORT

OUR PEOPLE'S DATA TABLE

Workforce

REGION	Under 30s		30s – 50s		Above 50s		Total	
SINGAPORE	61	25	195	74	72	16	328	115
MALAYSIA	5	4	5	2	3	–	13	6
TOTAL	**66**	**29**	**200**	**76**	**75**	**16**	**341**	**121**

New Hires

REGION	Under 30s		30s – 50s		Above 50s		Total	
SINGAPORE	21	7	43	13	28	7	92	27
MALAYSIA	3	1	2	–	–	–	5	1
TOTAL	**24**	**8**	**45**	**13**	**28**	**7**	**97**	**28**

Turnover

REGION	Under 30s		30s – 50s		Above 50s		Total	
SINGAPORE	4%	1%	9%	1%	2%	1%	15%	3%
MALAYSIA	1%	0%	0%	0%	0%	0%	1%	0%
TOTAL	**5%**	**1%**	**9%**	**1%**	**2%**	**1%**	**16%**	**3%**

SUSTAINABILITY REPORT

HEALTHY AND SAFE WORKPLACE

Workplace safety is a top priority for us. We take pride in ensuring that all our employees and contractors are competent and equipped to work safely. As an industry leader, we take responsibility in setting "industry" best practices and have been consistently enhancing and refining our health and work safety measures. We have now maintained our ISO 45001 certifications which aim to improve employee safety, reduce workplace risks and create better, safer working conditions. We have also completed and attained the highest level in the bizSAFE, a five-step programme offered by the Workplace Safety and Health ("WSH") Council that assists companies in building their WSH capacity and capabilities.

When performance on the ground does not match the expectations of our management or stakeholders, we commit to resolve the issue in an open and transparent way. Our safety management system is embedded across the Group. We view our WSH track record as an intrinsic component of our business success, ensure our workers stay safe for their families back home.

There were no accidents or work-related fatalities reported in 2021 (2020: Nil). For any injuries reported, our safety officer will prepare an investigation report, consisting mainly of details of the accident and a corrective action plan which is presented at our management meetings to raise their awareness and minimise the likelihood of similar accidents occurring again.

COVID-19 PANDEMIC

To protect the health of our employees, we have notified all employees about efforts to prevent and contain infection:

- we regularly highlight the preventive efforts and provide instructions for how to respond if feeling ill or if infected or in close contact with those who are infected;
- we apply consistent rules to employees when working at all sites, such as social distancing at business sites and offices, temperature checks and Safe Entry check-in;
- we imposed calibrated Group-wide travel restrictions on employees including mandatory stay at home requirements on returning staff since mid-Feb 2020; and
- taking transmitted cases into consideration and in response to the safety measurement implemented by Government, we managed the ratio of people commuting to the workplace to a minimum level.

TRAINING AND DEVELOPMENT

POST-INCIDENT REVIEW AND ENHANCING SAFETY PRECAUTIONS

We learn from past mistakes and strive to prevent similar incidents from repeating itself. As part of our skills-training programme, we consistently schedule workplace health and safety briefings to review our safety practices with workers. For near-miss incidents, we promptly hold review briefings dedicated to analyse the situation and to remind our workers of the relevant safety measures and precautions, as well as the safety protocols.

We also ensure each worker is well protected before the start of each assignment, by ensuring that personal protective equipment is issued and the issuance is recorded to ensure that each worker is sufficiently equipped with protective gears for their related job-scope. We have also developed a list of protocols and precautions for workers dealing with toxic chemicals, to ensure their safety.

HOLISTIC SKILLS DEVELOPMENT TRAINING

In-line with equipping our workers with safety knowledge and skills, we have developed a rigorous skills-training programme to ensure that each worker is capable of performing safely and optimally at the sites. A total of 133 (2020: 117) employees attended skills and safety training in 2021, despite safe management measures being implemented.

We keep ample documentation of training courses attended by each employee to track their skills-development progress and level of competency. Being a service provider providing a wide array of services, we have developed a comprehensive syllabus for each department, ensuring that each worker is extensively equipped with the safety awareness and skills.

Training summary for 2021

			Total
ADMINISTRATIVE	4	8	12
OPERATIONAL	112	9	121
TOTAL	116	17	133

SUSTAINABILITY REPORT

PROMOTING COMMUNITY BETTERMENT

The art of giving back and gifting is known as philanthropy. The beauty of philanthropy is that it does not have to be extravagant but as simple as helping out the needy in our community. Due to safe management measures no volunteering activities were organised. However, we maintained two (2) charity events during the year, with the support of social workers from non-profit organisations. We will try our best to step up CSR efforts post-pandemic. The Group currently does not have a CSR policy.

CHEE HOON KOG

6 units of brand-new stand fans were donated to the Moral Seniors Activity Centre at Kaki Bukit and Redhill branches to bring comfort to the elderly.

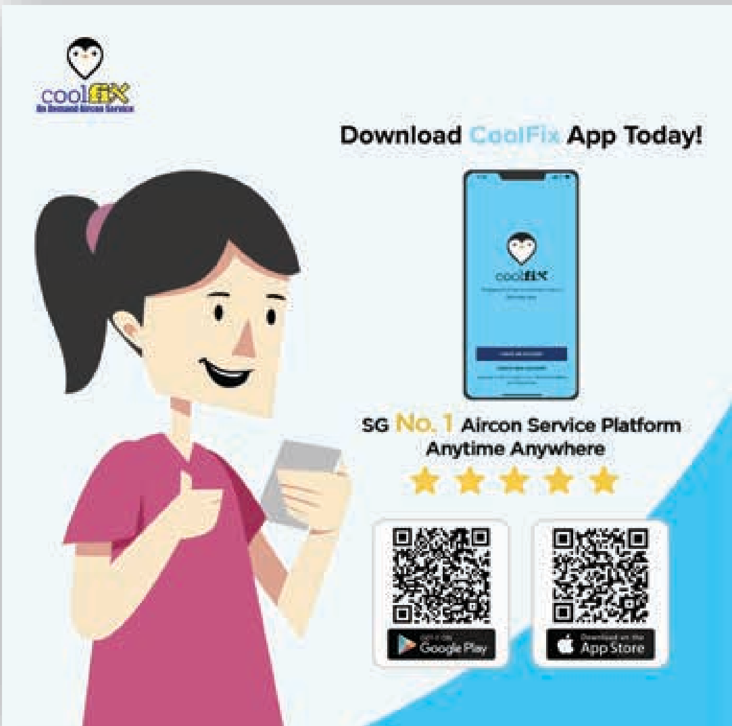
THYE HUA KWAN

Our 3rd year collaboration with THK Moral Charities recorded a historical success – granting wishes to 20 families who needs assistance from the public.

ECONOMIC

We aim to be financially sustainable over the long-term so that we have resources and reserves to invest for the future and prepare for rainy days. Our Group revenue had been returned to the pre-covid level, recorded S$148.0 million in 2021. The strong recovery performance reflects our ability to resume our operations effectively and immediately in the post-covid time.

In 2021, Coolfix, our home services business-to-consumer ("B2C") mobile platform that provides real time on-demand aircon services make its debut appearance on Google Play Store and Apple App Store. Because digitalisation is changing the way we live, work and play, making traditional business practices no longer relevant or productive. The Coolfix Mobile App is a revolutionary platform to ultimately help the aircon industry achieve better resource allocation and higher revenue growth. The realtime, on-demand service means consumers also stand to gain with superior quality and affordability for aircon repair and servicing, along with a 30-day warranty and easy payment via electronic payment platforms.



SUSTAINABILITY REPORT

DIGITALISATION AND MOBILISATION

Putting IT systems in place to enable efficient teleworking. We develop our first ever mobile and web enabled workflow management system to allow our customers to request and monitor jobs electronically in the same platform. Internally, the system will allow us to accept, assign and deploy, and monitor work and work progress. In response to the rapid increase in the number of employees telecommuting, we invest further in hardware and software to make teleworking more pleasant and convenient, and efficient.

SUPPLY CHAIN MANAGEMENT

We apply the Quality-and-Cost based method in our sourcing activity. Based on this methodology, price is considered on par with other qualifications-based criteria, including relevant certification requirements, amongst other best practices.

We manage our supply chain across the project life cycle from its initiation and design development stages to subsequent construction and operation stages. This allows us to effectively control the progress of sub-contractors, as well as qualities of diverse services, materials and equipment required to deliver large-scale projects in a complex supply chain environment. A standard supplier evaluation framework is used for existing and potential suppliers. A wide range of well-known international leading brands are carried, including Mitsubishi Electric, Daikin, Panasonic, LG, Midea, Fujitsu, Toshiba, etc., with Mitsubishi Electric, Daikin and Panasonic accounting for more than 90% (2020: 90%) of the total purchases.

Selecting a sub-contractor is one of the most difficult aspects of project management. In selection of sub-contractors for our projects, other than pricing, our project team pays attention to their methodology, team capability and past track record, as well as financial strength, to ensure they suit the requirements of our projects. All sub-contractors are evaluated stringently periodically by our project management team, including their commitments towards high quality, health and safety standards.

We sets clear guidelines and specifications on the procurement of materials to specify the use sustainable, non-toxic, non-GMO materials in our parts, paints and, foods and beverages manufacturing to produce environmental-friendly and consumer-friendly products which leads to better health and well-being of our employees, customers and the community.

FOOD & BEVERAGES

Our factory and restaurant are halal certified by JAKIM. The Management is responsible for halal compliance in our supply chain (from materials selection and purchasing, to the storage, warehousing, and transportation of our products).

In 2021, we maintained our health and safety standards with no significant incidents of non-compliance with regulations resulting in a fine, penalty or warning.

SUSTAINABILITY REPORT

GOVERNANCE

STRENGTHENING OUR ANTI-CORRUPTION PRACTICE

We prohibit bribery and kickbacks of any kind. Our employees are not allowed to offer or accept from anyone, anything of value that is, or could be viewed as a bribe or kickback or an attempt to influence that person's or company's relationship with Natural Cool. All new employees of the Group are required to read through and acknowledge the staff handbook, which consists of code of conduct and business ethics during the conduct of business.

Amongst these practices to uphold business integrity, the Group has established a whistle-blowing policy which has been reviewed and endorsed by the Audit and Risk Committee and approved by the Board. To raise awareness and affirm our Group's strong stance and actions against corruption, the Group's whistle-blowing policy and related procedures are published on http://natcool.com/whistle-blowing-policy/ and applies to any employees, vendors, contractors, sub-contractors, customers and any other parties whom the Group has a business relationship with.

Under the whistle-blowing policy, employees and external parties are able to, in confidence, raise concerns about issues and misconduct requiring special investigation. A dedicated and secure e-mail address (report.nch@natcool.com) provides individuals anonymity in raising issues of contention to the Audit and Risk Committee directly.

We are periodically reviewing and enhancing our anti-corruption practices to uphold the best business practices in line with our values. There was no whistle-blowing reports from an anonymous source in 2021.

WE COMPETE AND WIN BUSINESS ETHICALLY

Competition law, also known as anti-monopoly, anti-trust, or fair-trade laws are intended to prevent interference with the functioning of a competitive market system and exist in all countries where we do business. Our policy prohibits conduct such as colluding with others to fix prices or divide territories, illegally monopolising an industry and unlawfully abusing a dominant position. All employees are given clear instruction to take extra care while contacting competitors, to avoid discussion of or collaboration on confidential information, including pricing, terms, costs, etc. as such discussion may be considered illegal.

We sell our products and services on our merits. We compete vigorously for business but always ethically and in compliance with rules and regulations, no matter how competitive the environment. We avoid making false or misleading statements about the Group, our products and services or other companies, including competitors and their products and services. We uphold our values of always being accurate, complete and honest.

In 2021, the Group did not have any case of legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust or anti-monopoly legislation in which the organisation has been identified as a participant.

SUSTAINABILITY REPORT

GENERAL STANDARD DISCLOSURES

Disclosure No.	Disclosure Title	Page Reference and Remarks
GRI 102: General Disclosures 2016		
Organisational Profile		
102-1*	Name of the organisation	Front Cover, Back Cover
102-2*	Activities, brands, products, and services	Business Profile > Pages 4-5 Operations Review > Pages 6-9
102-3*	Location of headquarters	Back Cover
102-4*	Location of operations	Business Profile > Pages 4-5
102-5*	Ownership and legal form	Natural Cool is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") Catalist Board > Shareholding Statistics > Pages 159-160
102-6*	Markets served	Business Profile > Pages 4-5
102-7*	Scale of the organisation	Our People, Our Community > Page 24 Business Profile > Pages 4-5 Statement of Financial Position > Page 87 Operating Segments > Page 151
102-8*	Information on employees and other workers	Our People's Data Table > Page 25
102-9*	Supply chain	Supply Chain Management > Page 28
102-10*	Significant changes to the organisation and its supply chain	There is no significant changes from previous reporting periods.
102-11*	Precautionary principal or approach	Sustainability Management > Page 19
102-12*	External initiatives	Statement from Board > Page 17 Healthy and Safe Workplace > Page 26
102-13*	Membership of associations	None
Strategy		
102-14*	Statement from senior decision-maker	Statement from Board > Page 17
Ethics and Integrity		
102-16*	Values, principles, standards, and norms of behaviour	Our Values > Page 1
Governance		
102-18*	Governance structure	Sustainability Management > Page 19

SUSTAINABILITY REPORT

Disclosure No.	Disclosure Title	Page Reference and Remarks
Stakeholder Engagement		
102-40*	List of stakeholder groups	Stakeholder Engagement > Page 20
102-41*	Collective bargaining agreements	None
102-42*	Identifying and selecting stakeholders	Stakeholder Engagement > Page 20
102-43*	Approach to stakeholder engagement	Stakeholder Engagement > Page 20
102-44*	Key topics and concerns raised	Stakeholder Engagement > Page 20
Reporting Practice		
102-45*	Entities included in the consolidated financial statements	Corporate Structure > Page 3
102-46*	Defining report content and topic Boundaries	About this Report > Page 17
102-47*	List of material topics	Identifying Material ESG Factors > Pages 21-22
102-48*	Restatements of information	There is no restatement of information from the previous report covering the financial year 2020.
102-49*	Changes in reporting	There is no change from previous reporting periods in the list of material topics and topic boundaries.
102-50*	Reporting period	Financial Year 2021 (1 Jan – 31 Dec 2021)
102-51*	Date of most recent report	31 March 2021
102-52*	Reporting cycle	Annual
102-53*	Contact point for questions regarding the report	Feedback > Page 17
102-54*	Claims of reporting in accordance with the GRI Standards	About this Report > Page 17
102-55*	GRI content index	GRI Content Index > Pages 30-32
102-56*	External assurance	About this Report > Page 17

SUSTAINABILITY REPORT

TOPIC SPECIFIC DISCLOSURES

Disclosure No.	Disclosure Title	Page Reference and Remark
CATEGORY: ECONOMIC		
GRI 205: Anti-corruption 2016		
DMA	Disclosure of Management Approach	Governance > Strengthening our Anti-corruption Practices > Page 29
205-1	Operations assessed for risks related to corruption	Governance > Strengthening our Anti-corruption Practices > Page 29
205-2	Communication and training about anti-corruption policies and procedures	Governance > Strengthening our Anti-corruption Practices > Page 29
205-3	Confirmed incidents of corruption and actions taken	Governance > Strengthening our Anti-corruption Practices > Page 29
GRI 206: Anti-competitive Behavior 2016		
DMA	Disclosure of Management Approach	Governance > We Compete and Win Business Ethically > Page 29
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Governance > We Compete and Win Business Ethically > Page 29
CATEGORY: ENVIRONMENTAL		
GRI 307: Environmental Compliance 2016		
DMA	Disclosure of Management Approach	Environmental > Page 23
307-1	Non-compliance with environmental laws and regulations	Environmental > Page 23
CATEGORY: SOCIAL		
GRI 401: Employment 2016		
DMA	Disclosure of Management Approach	Social > Our People, Our Community > Page 24
401-1	New employee hires and employee turnover	Social > Our People's Data Table > Page 25
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social > Employee Rights and Benefits > Page 24
401-3	Parental leave	Social > Employee Rights and Benefits > Page 24
GRI 403: Occupational Health and Safety 2018		
DMA	Disclosure of Management Approach	Social > Our People, Our Community > Page 24
403-2	Types of injury and rate of injury	Social > Healthy and Safe Workplace > Page 26
GRI 403: Occupational Health and Safety 2018		
DMA	Disclosure of Management Approach	Social > Our People, Our Community > Page 24
404-1	Average hours of training per year per employee	Social > Training and Development > Page 26
GRI 403: Occupational Health and Safety 2018		
DMA	Disclosure of Management Approach	Social > Our People, Our Community > Page 24
406-1	Incidents of discrimination and corrective actions taken	Social > Equal and Non-discriminatory Workplace > Page 24

CORPORATE GOVERNANCE REPORT

BOARD MATTERS

The Board of Directors (the "Board") of Natural Cool Holdings Limited (the "Company" and together with its subsidiaries, the "Group") is committed to maintaining high standards of corporate governance. The Company's corporate governance processes and systems ensure greater accountability, transparency and sustainability, in an effort to boost investor confidence and achieve long-term sustainable business performance.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2021 ("FY2021"), with specific reference made to the principles of the Code of Corporate Governance 2018 (the "Code 2018") issued on 6 August 2018.

The Board is pleased to confirm that the Company has generally adhered to the framework as outlined in the Code 2018 and deviations from any provision of the Code 2018 and/or the provision are explained in this report.

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: Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

In FY2021, and as at the date of this Annual Report, the Board comprises five (5) Directors, three (3) of whom are independent. The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company and hold Management account for the performance.

The primary functions of the Board, apart from its statutory duties, include:

(a) protect and enhance long-term shareholder value;

(b) review Management's performance;

(c) identify key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(d) set the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met;

(e) develops the overall strategy for the Group and supervises its Management; and

(f) providing leadership, developing its strategic direction, establishing risk policy and goals for the Management as well as monitoring the achievement of these goals.

The Board and Management are committed to conducting business with integrity and business ethics, in compliance with all applicable laws and regulatory requirements. The Company has established corporate policies to provide a communicable and understandable framework for employees to observe the Company's principles on honesty, integrity, responsibility and accountability at all levels of the Group.

CORPORATE GOVERNANCE REPORT

The Board adopted a Code of Conduct for the Group which establishes the fundamental principles of professional and ethical conduct expected of the Group in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential or perceived conflict of interest arises, the concerned employee/Director must recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

As at the date of this Annual Report, the Board comprises the following members:

Name of Director		Designation
1	Goh Teck Sia	Independent Non-Executive Chairman
2	Tsng Joo Peng	Executive Director and Group Chief Executive Officer
3	Choy Bing Choong	Executive Director and Group Chief Operating Officer
4	Lau Lee Hua	Independent Non-Executive Director
5	Tan Siew Bin Ronnie(1)	Independent Non-Executive Director

Note:–
(1) Mr Tan Siew Bin Ronnie was appointed as Independent Director of the Company with effect from 28 July 2021.

Provision 1.2: Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

Directors understand the Company's business as well as their directorship duties, and have appropriate experience and expertise to manage the Group's business.

All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's structure, business and governance policies as well as the expected duties of a Director of a listed company. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities and meet with key management personnel.

Every newly-appointed Director will be furnished a formal letter setting out the roles, duties, obligations and responsibilities as a member of the Board. A copy of the respective terms of reference will also be provided to Directors who are appointed to the Board Committees. Pursuant to Rule 406(3)(a) of the Catalist Rules, the Company will arrange prescribed trainings for newly appointed Director who has no prior experience as a Director of a listed company in Singapore. The Company observed the aforesaid practices when Mr Tan Siew Bin Ronnie ("Mr Tan") joined the Board as an Independent Non-Executive Director in July 2021. As Mr Tan was previously an Independent Non-Executive Director of the Company between February 2017 to September 2018 and Asian Micro Holdings Limited between May 2007 to May 2011 respectively, the Nominating Committee was of the view that there was no necessity for Mr Tan to attend the above-mentioned training for first-time Directors. Nevertheless, Mr Tan has attended Nominating Committee Essentials Elective Module of the Listed Entity Director Programme conducted by Singapore Institute of Directors in October 2021.

CORPORATE GOVERNANCE REPORT

The Board as a whole is updated regularly on pertinent business developments in the business, including the key changes in the relevant regulatory requirements and financial reporting standards, risk management, corporate governance and industry specific knowledge so as to enable them to properly discharge their duties as Board or Board Committee members. Our Independent Directors are also engaged full time in their respective profession, keeping them updated in their fields of knowledge.

Briefings, updates and trainings for the Directors in FY2021 and up to the date of Annual Report include:

- the external auditors had briefed the Audit and Risk Committee ("ARC") on new and amendments to the financial reporting standards during ARC meetings;
- the company secretary had briefed the Board on updates on relevant regulations issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("ACRA");
- the Group Chief Executive Officer ("CEO") updated the Board at each board meeting on business and strategic developments of the Group;
- the company lawyer had briefed the Board on Directors' roles, duties and responsibilities in January 2021;
- ASIA'S RENAISSANCE – The new era of Recovery and Reopening conducted by Singapore Institute of Directors ("SID");
- SIAS Corporate Governance Week 2021 conducted by Securities Investors Association (Singapore);
- Nominating Committee Essentials Elective Module of the Listed Entity Director Programme conducted by SID;
- Board Governance of Special Purpose Acquisition Companies conducted by SID; and
- Audit Committee Seminar 2022 conducted by ACRA, Singapore Exchange ("SGX") and SID.

During FY2021, the Board has received appropriate trainings to discharge their duties. All Directors are encouraged to constantly keep abreast of the developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars, and workshops. In order to keep pace with such regulatory changes, the changes to regulations and accounting standards are monitored closely by the Management and the Company is responsible for arranging and funding the trainings of Directors.

CORPORATE GOVERNANCE REPORT

Provision 1.3: The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group, and are obliged to act in good faith and to make objective decisions in the interests of the Group.

Management is fully apprised in writing of such matters which require the approval of the Board or the Committees. Specifically, matters that require the Board's approval include, amongst others, the following:

- approval of the Group's strategic objectives;
- approval of the annual operating and capital expenditure budgets and any material changes to it;
- changes relating to the Group's capital structure including reduction of capital, share issuance and share buybacks;
- major changes to the Group's corporate structure, including but not limited to acquisitions and disposals;
- changes to the Group's Management and control structure;
- approval of the half-yearly/full-year's results announcements; annual reports and accounts, including the corporate governance report;
- approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend;
- approval of any significant changes in accounting policies or practices;
- approval of major capital projects;
- contracts regarding acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) and substantial bank borrowings;
- approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting including approval of all circulars, prospectuses;
- approval of press releases concerning matters decided by the Board;
- approval of policies, including code of conduct, share dealing code, whistle-blowing policy, environment and sustainability policy, and corporate social responsibility policy; and
- any decision likely to have a material impact on the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.

CORPORATE GOVERNANCE REPORT

Provision 1.4: Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.

Board Committees, namely the Audit and Risk Committee (the "ARC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") have been established to assist the Board. Each Board Committee has its own term of reference setting out the composition, authorities and duties, which are approved by the Board. All Board Committees are chaired by an Independent Director. While these Board Committees are delegated with certain responsibilities, the responsibilities for decisions relating to matters under the purview of the Board Committees, ultimately lie with the entire Board. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The minutes of all Board Committees meetings, which provide a fair and accurate record of the discussion and key deliberations and decisions taken during the meetings, are circulated to the Board and Board Committees. The terms of reference of the respective Board Committees, as well as other relevant information on the Board Committees, can be found in the subsequent sections of this Annual Report.

As at the date of this Annual Report, the compositions of the Board Committees are as follows:

	ARC[1]	**NC**[2]	**RC**[3]
Chairman	Lau Lee Hua	Tan Siew Bin Ronnie[4]	Goh Teck Sia
Member	Goh Teck Sia	Goh Teck Sia	Lau Lee Hua
Member	Tan Siew Bin Ronnie[4]	Lau Lee Hua	Tan Siew Bin Ronnie[4]

Notes:–

(1) The ARC comprises 3 members, all of whom, including the Chairman, are independent.

(2) The NC comprises 3 members, all of whom, including the Chairman, are independent.

(3) The RC comprises 3 members, all of whom, including the Chairman, are independent.

(4) Following the retirement of Mr Mahtani Bhagwandas as Independent Director on 28 April 2021, Mr Mahtani Bhagwandas had also retired as the Chairman of the NC and members of ARC and RC. Mr Tan Siew Bin Ronnie was appointed as Chairman of the NC and members of ARC and RC following his appointment as Independent Director on 28 July 2021.

CORPORATE GOVERNANCE REPORT

Provision 1.5: Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The Board meets on a half-yearly basis and as and when circumstances require. Directors with multiple Board representations ensure that sufficient time and attention are given to the affairs of each company. Information and assessment on Directors who have multiple Board representations and other principal commitments can be found under Principal 4 of this Annual Report. The number of the Board and Board Committee meetings held and the attendance of each new Board member in FY2021 are as follows:

	Board	ARC	NC	RC
Number of Meetings Held	4	2	2	1
Name of Director	**Number of Meetings Attended**			
Goh Teck Sia	4	2	2	1
Tsng Joo Peng	4	2*	1*	1*
Choy Bing Choong	4	2*	1*	1*
Lau Lee Hua	4	2	2	1
Tan Siew Bin Ronnie(1)	3	1	0	0
Mahtani Bhagwandas(2)	1	1	1	1

Notes:–
- * By Invitation
- (1) Mr Tan Siew Bin Ronnie was appointed as Independent Director with effect from 28 July 2021, hence he could only attend three (3) Board meetings and one (1) ARC meeting held after his appointment date.
- (2) Mr Mahtani Bhagwandas retired as Independent Director of the Company on 28 April 2021 at the conclusion of the AGM.

The Company's Constitution allows for meetings to be held through audio visual communication equipment. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means whereby all persons participating in the meetings are able to communicate as a group, and such meeting shall be deemed to take place where the majority of Directors present is assembled. The Board and Board Committees may also make decisions by way of passing resolutions in writing in accordance with the Company's Constitution.

If a Director is unable to attend a Board or Board Committee meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/she will review them and advise the Chairman of the Board or the Board Committee of his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

CORPORATE GOVERNANCE REPORT

Provision 1.6: Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects.

The Management supports the Board and Board Committees by providing complete and adequate information of the Group, including but not limited to operational and financial performance of the Group, which aids the Directors in identifying challenges and opportunities for the Group.

The Management recognises the importance of circulating information on a timely basis to ensure that the Board and Board Committees have adequate time to review the meeting materials to facilitate constructive and effective discussions during the scheduled meetings.

The Management further endeavours to circulate information for the Board and/or Board Committee meetings at least five days prior to these meetings to allow sufficient time for the Directors' review. However, sensitive matters may be tabled at the meeting itself or discussed without any paper being distributed. Employees, who can provide additional insight into matters to be discussed, are also invited to be present during the relevant discussions. From time to time, the Board requests for additional information to be reported in the Board papers in response to new regulations or to assist them in decision making.

Key management personnel will also provide any additional material(s) or information that are requested by Directors or that is necessary to enable the Board and/or Board Committees to make a balanced and informed assessment of the Group's performance, position and prospects.

The types of information which are provided by Management to the Directors are set out in the table below:

	Information	**Frequency**
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half-yearly
2.	Updates to the Group's operations and the markets in which the Group operates in	Half-yearly
3.	Management accounts (with financial ratios analysis)	Half-yearly
4.	Reports on on-going or planned corporate actions	Ad-hoc
5.	Enterprise risk framework and assessment	Yearly
6.	Financial results announcements	Half-yearly
7.	Shareholding statistics	Yearly

CORPORATE GOVERNANCE REPORT

Provision 1.7: Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

The Board has separate and independent access to the Management team, the company secretary and external advisers (where necessary) at all times through email, telephone and face-to-face meetings.

The Group practices open communication where the Board and Board Committees have access to independent professional advice as and when required, at the expenses of the Company.

The key roles of the company secretary are as follows:

- assist the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committee meetings;

- administers and attends all Board and Board Committee meetings of the Company and prepares minutes of meetings;

- ensuring that Board procedures are observed and that relevant rules and regulations, including requirements of the Company's Constitution, Companies Act 1967, Securities and Futures Act (Chapter 289) of Singapore and the SGX-ST Listing Manual Section B: Rules of Catalist (Chapter 50) of Singapore (the "Catalist Rules") are complied with; and

- advising the Board on all governance matters as well as facilitating orientation and assisting with professional developments as directed by the Chairman.

The appointment and removal of the company secretary is subject to the approval of the Board.

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.

Provision 2.1: An "independent" director is 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.

As at the date of this Annual Report, the Company is in compliance with Provision 2.1 of Code 2018.

The Board comprises five (5) members, out of which two (2) are Executive Directors and three (3) are Independent Non-Executive Directors.

The Chairman of the Board is an Independent Director and not part of the Management team. The Chairman and Group CEO are also not immediate family members.

CORPORATE GOVERNANCE REPORT

The Board assesses the independence of each Director in accordance with the guidance provided in Code 2018 as well as Rule 406(3)(d) of the Catalist Rules. An Independent Director is 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 his/her independent business judgement in the best interests of the Company.

On an annual basis, each Independent Director is required to complete a "Confirmation of Independence" form to confirm his/her independence. The said form was drawn up based on the definitions and provisions set forth in the Code 2018. The Directors are required to disclose to the Board any such relationship as and when it arises and the Board will state the reasons if it determines that a Director is independent notwithstanding the existence of a relationship or circumstances which may appear relevant to the Board's determination.

The NC also examined the different relationships identified by Code 2018 that might impair each Independent Director's independence and objectivity, and concluded that all the Independent Directors are able to exercise independent business judgement in the best interests of the Company and its shareholders.

The Independent Directors have confirmed their independence in accordance with the Code 2018 and Rule 406(3)(d) of the Catalist Rules and noted that none of the Independent Directors has any relationship with the Company, its related corporations, substantial shareholders or officer, which could interfere or be perceived to interfere with the Director's independent judgement.

There is currently no Independent Director who has served on the Board for more than nine years.

Provisions 2.2 and 2.3: Independent Directors make up a majority of the Board where the Chairman is Independent and Non-Executive Directors make up a majority of the Board

Provisions 2.2 and 2.3 of the Code 2018 are met as the Independent Non-Executive Directors (including the Chairman) make up 3/5 of the Board.

The Chairman of the Board is an Independent Director and all Non-Executive Directors are independent.

The Board believes there is a strong element of independence and that no individual or small group of individuals dominates the Board's decision making. The Board exercises independent judgment on corporate affairs and provides Management with a diverse, professional and objective perspective on issues.

Non-Executive Directors, whom currently are all independent, constructively challenge and help develop the Group's proposals on business strategies. Management's progress in implementing the agreed business strategies are monitored by the Non-Executive Directors through regular updates by the Management via emails as well as at the Board and Board Committee meetings.

CORPORATE GOVERNANCE REPORT

Provision 2.4: 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 gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.

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.

The Board would conduct regular reviews on its existing Board members' competencies, which includes considering factors such as the expertise, skills and experience, so as to ensure that the Board dynamics remain optimal to meet ongoing challenges in the industry and in key countries such as Singapore and Malaysia which the Group operates in.

The Board's policy in identifying Director nominees is primarily to have an appropriate mix of members with complementary skills, gender, core competencies and experience for the Group.

The following table shows the diversity of skills, experience and knowledge possessed by the current Board members:

	Number of Directors	Proportion of Board (%)
Core Competencies		
Accounting or finance	2	40
Business management	4	80
Legal or corporate governance	4	80
Relevant industry knowledge or experience	2	40
Strategic planning experience	5	100
Customer based experience or knowledge	2	40

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 to enhance the efficacy of the Board; and
- annual evaluation of the skill sets of each Director, with a view to understand the type of expertise which is lacking by the Board.

The NC will consider the results of these reviews in its recommendation for appointment of new Directors, re-election and/or the re-appointment of incumbent Directors.

The key information of the Directors, including academic and professional qualifications, appointment dates and present directorships, are set out on pages 13 to 14 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Under the Board Diversity Policy, the NC is responsible for reviewing and assessing the composition of the Board and making recommendations to the Board on the appointment of new Directors. To achieve an optimum balanced composition of the Board, the NC will consider candidates based on merit, Board diversity (in terms of gender, age and ethnicity), and the nature and scope of the Company's operation and business requirements.

The current Board composition reflects the Company's commitment to Board diversity, especially in terms of female representation (20%), diverse age range (53 to 70 years old). The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. Any updates or progress made towards implementing the Board Diversity Policy will be disclosed in the Corporate Governance Report, as appropriate.

Provision 2.5: Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

Whilst all the Directors share an equal responsibility for the Company's operations, the role of the Independent Directors is crucial in helping to develop proposals on the Company's strategies and to ensure that the strategies proposed by the Management are constructively challenged, fully discussed and rigorously examined. The Independent Directors are also responsible for reviewing the performance of the Management in meeting the agreed goals and objectives and monitoring the reporting of performance. The Independent Directors have met up informally at least once in the absence of other Directors and the Management in FY2021. The Independent Directors discuss matters of significance and will provide feedback to the Board and Chairman after such meetings as appropriate.

Principle 3: Chairman and CEO

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.

Provision 3.1: The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Provision 3.2: The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

The roles of the Independent Non-Executive Chairman and Group CEO are separate to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. As Independent Non-Executive Chairman of the Board, Mr Goh Teck Sia ("Mr Goh") bears responsibility for the function of the Board. Mr Tsng Joo Peng ("Mr Tsng"), as Group CEO, bears the responsibilities for running the daily operations of the Group's business. There is no familial relationship between the Independent Non-Executive Chairman, Mr Goh, and the Group CEO, Mr Tsng.

Mr Choy Bing Choong ("Mr Choy") works with the Group CEO, Mr Tsng to oversee financial, administrative, human resource, investor relations, regulatory, compliance and investment functions and is responsible for the execution of the Group's business strategies and plans.

CORPORATE GOVERNANCE REPORT

The Independent Non-Executive Chairman, leads the Board to ensure effectiveness on all aspects of its role. With assistance from the company secretary who co-ordinates with Management and the Group CEO, the Independent Non-Executive Chairman sets the meeting agenda and ensures that the Directors are provided with complete, adequate and timely information. Board papers are sent to the Directors at least five days in advance in order for Directors to be adequately prepared for the meetings. The Independent Non-Executive Chairman ensures effective communication with shareholders and encourages constructive relations within the Board and between the Board and Management by promoting a culture of transparency and openness. Key personnel who can provide additional insight into matters to be discussed at the Board and/or Board Committee meetings are invited to carry out presentations or attend the Board and/or Board Committee meetings at the relevant time. The Independent Non-Executive Chairman also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance within the Group.

The Group CEO works with the Board to determine the strategy for the Group and is responsible for the Group's business performance. The Group CEO also work with the Management of the Group to ensure that the Group operates in accordance with its strategic and operational objectives. His performance and appointment to the Board is reviewed periodically by the NC and his remuneration is reviewed periodically by the RC. As the ARC, NC and RC consist of all Independent Directors, the Board believes that there is sufficient strong independent element on the Board and adequate safeguards are in place to check against an uneven concentration of power and authority in a single individual.

Provision 3.3: The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Mr Goh is an Independent Non-Executive Director who is also the Chairman of the Board. Hence, the Board is of the view that there is no need to appoint a Lead Independent Director for the time being.

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.

Provision 4.1: The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;
(c) the review of training and professional development programmes for the Board and its directors; and
(d) the appointment and re-appointment of directors (including alternate directors, if any).

CORPORATE GOVERNANCE REPORT

Provision 4.2: The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

The NC comprises three (3) Independent Directors (including the Chairman of the Board), namely Mr Tan Siew Bin Ronnie, Ms Lau Lee Hua and Mr Goh Teck Sia. The Chairman of the NC is Mr Tan Siew Bin Ronnie.

The responsibilities of the NC include making recommendations to the Board on succession planning; the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors; training and professional development programmes for the Board and its Directors; and all appointments, re-election and/or re-appointments of Directors.

The NC is guided by key terms of reference as follows:

(a) evaluate and review nominations for appointment and re-appointment to the Board and the various Board Committees;

(b) nominate Director(s) for re-election at the Annual General Meeting ("AGM"), having regard to the Directors' contribution and performance, taking into consideration the composition of the Board and progressive renewal of the Board, how the Director fits into the overall competency matrix of the Board, as well as the Directors' contribution and performance at Board and/or Board Committee meetings, including attendance, preparedness and participation at the Board and/or Board Committee meetings;

(c) determine annually whether or not a Director is independent as set out in the Code 2018;

(d) recommend to the Board the process of evaluating the performance of the Board, the Board Committees and individual Directors and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director and annual assessment of the effectiveness of the Board;

(e) decide whether a Director who has multiple board representations is able to and has been adequately carrying out his/her duties as a Director of the Company;

(f) review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Non-Executive Chairman/Group CEO) and senior management personnel;

(g) review of training and professional development programmes for the Board;

(h) implement and monitor the Board Diversity Policy and review and make recommendations to the Board on the diversity of skills, gender, core competences, experiences, size and composition of the Board.

CORPORATE GOVERNANCE REPORT

Provision 4.3: The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.

The Board assesses and evaluates whether new and/or retiring Directors to be re-appointed are properly qualified for appointment by virtue of their skills, experience and contributions, in line with the following process:

Process for the Selection and Appointment of New Directors		
1.	Determination of selection criteria	The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience and knowledge to complement and strengthen the Board.
2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.
3.	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of Director	The NC would recommend the selected candidate to the Board for consideration and approval.
Process for the Re-electing Incumbent Directors		
1.	Assessment of Director	The NC reviews and ensures that the Director to be re-nominated or appointed is able to contribute to the on-going effectiveness of the Board, has the ability to exercise sound business judgment, and has demonstrated leadership experience, high levels of professional skills and appropriate personal qualities.
2.	Re-appointment of Director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval. Each NC member shall abstain from voting on any resolutions in respect of his/her re-nomination and re-election. The Directors to be re-elected and re-appointed at the forthcoming AGM has been listed hereunder.

Pursuant to Regulation 90 of the Company's Constitution, at least one-third of the Directors for the time being (or if their number is not multiple of three, the number nearest to one-third) with a minimum of one, shall retire from office by rotation at each AGM of the Company and all Directors shall retire from office once every three years. The Company's Constitution further states that a retiring Director shall be eligible for re-election at the AGM of the Company.

CORPORATE GOVERNANCE REPORT

The NC has reviewed and considered the Director's integrity, independence, character, contribution and performance (such as attendance, participation, preparedness and condour) and any other factors determined by the NC. The NC has recommended the re-nomination and re-election of Mr Tan Siew Bin Ronnie, Mr Goh Teck Sia and Mr Choy Bing Choong and who will be retiring as Directors at the forthcoming AGM pursuant to Regulations 89 and Regulations 90. The three Directors have offered themselves for re-election. The Board has accepted the recommendation of the NC.

Mr Tan Siew Bin Ronnie will upon re-election as a Director of the Company, remain as an Independent Director, Chairman of NC and a member of ARC and RC. The Board considers Mr Tan Siew Bin Ronnie to be independent in accordance with Provision 2.1 of the Code 2018 as well as for the purposes of Rule 704(7) of the Catalist Rules.

Mr Goh Teck Sia will upon re-election as a Director of the Company, remain as an Independent Director, Chairman of Board, RC and a member of ARC and NC. The Board considers Mr Goh Teck Sia to be independent in accordance with Provision 2.1 of the Code 2018 as well as for the purposes of Rule 704(7) of the Catalist Rules.

Mr Choy Bing Choong will upon re-election as a Director of the Company, remain as an Executive Director and Group Chief Operating Officer.

The information as required under Rule 720(5) of the Catalist Rules relating to Mr Tan Siew Bin Ronnie, Mr Goh Teck Sia and Mr Choy Bing Choong who will be retiring at the forthcoming AGM have been listed under pages 69 to 79 of this Annual Report.

Alternate Directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age related concerns as well as Management's succession plans.

As of the date of this Annual Report, the Company does not have any alternate Directors.

Provision 4.4: The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

As described under Principle 2 of this Annual Report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to complete a checklist to confirm his independence. Further, an Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company. The NC is of the view that the Independent Directors are independent. As at the date of this Annual Report, there is no relationship or circumstance set forth in Provision 2.1 of the Code 2018 and Rule 406(3)(d) of the Catalist Rules which put the independence of the Independent Directors in question.

CORPORATE GOVERNANCE REPORT

Provision 4.5: The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

The NC ensure that new Directors are aware of their duties and obligations. The Company discloses in its Annual Report the listed company directorships and principal commitments of each Director, and where a Director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the Director to diligently discharge his or her duties. The NC is of the view that Directors who serve on multiple boards are able to devote sufficient time and attention to the Company's affairs in light of other commitments held by them, and that the maximum number of listed company board representations which any Non-Executive Director may hold be not more than six. A Director who holds more than six board representations should be rigorously assessed by the Board to ensure that sufficient time and attention is given to the affairs of each company and he/she is able to and has been adequately carrying his/her duties as a Director of the Company.

In particular, the NC reviewed the Directors' time commitments in FY2021, and the NC and the Board noted that, Directors with other listed company board representations and/or other principal commitments were able to carry out and had been adequately carrying out, their duties as Directors of the Company. Board members are able to commit their time and attention to the affairs of the Company. The NC and the Board believe that each individual Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Company, bearing in mind his other commitments. Please refer to the section – Disclosure of key information regarding Directors in FY2021 Annual Report for information of the listed company directorships and principal commitments of each Director.

The considerations in assessing the adequacy of the Directors' commitments 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 measurement and evaluation tools put in place to assess the performance time commitments of the Directors include the following:

- declarations by individual Directors of board directorships and principal commitments in other company(ies);
- annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and
- assessment of the individual Directors' performance based on the criteria as set out in page 49 of this Annual Report.

The NC has reviewed and is of the view that each of the Directors have given sufficient time and attention to the Company's affairs and is satisfied that all Directors have discharged their duties adequately in FY2021.

CORPORATE GOVERNANCE REPORT

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.

Provision 5.1: The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

Provision 5.2: The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.

The following table sets out the performance assessment criteria as recommended by the NC and approved by the Board, to be relied upon on an annual basis to assess the effectiveness of the Board as a whole and of each Board Committee separately, as well as the contribution by the Chairman and each Director to the Board effectiveness.

Each Director completes a board assessment questionnaire and return to company secretary for compilation of the average scores. The compiled responses are presented to the NC for review, following which the NC will recommend to the Board and its Board Committees key areas for improvement and follow-up actions.

Performance Criteria	Board and Board Committees	Individual Directors
Qualitative	1. Size and composition 2. Board processes and conduct of meetings 3. Access to information 4. Board processes 5. Group CEO and succession planning 6. Board accountability 7. Risk management and internal control 8. Remuneration 9. Financial Reporting 10. Communication with shareholders 11. Standard of conduct	1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence 5. Overall effectiveness
Quantitative	Measuring and monitoring business performance	Attendance at Board and Board Committee meetings

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 thereafter, to propose amendments, if any, to the Board for approval.

For FY2021, the NC is of the view that the Board and Board Committees have fared well against the performance criteria and the NC is satisfied with the performance of the Board and Board Committees. In addition, the NC is also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. No external facilitator was used in the evaluation process for FY2021.

CORPORATE GOVERNANCE REPORT

The review of the performance of each Director is conducted annually in accordance with the performance criteria as set out in the table under Provision 5.2. The last Board of Directors' evaluation was conducted in February 2022 and the results have been presented to the NC for discussion. The performance of each Director will be taken into account during re-nomination and re-election.

For FY2021, the NC is of the view that the performance of each individual Director is satisfactory.

In line with the Company's values to develop its staff to their fullest potential, the Group is rolling out/has rolled out a leadership development scheme under the NatCool Academy branding. NatCool Academy will groom future leaders who can help the Group to identify and capitalise on global opportunities. Under the NatCool Academy, employees will have a chance to develop skills that are relevant for middle management and senior management roles. Some of the training programmes include leadership, digital transformation, sales and marketing.

The NC has full authority to engage external facilitators to assist the NC to carry out the evaluation process, if the need arises.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of assessment of his/her own performance or re-nomination as Director.

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.

Provision 6.1: The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on: (a) a framework of remuneration for the Board and key management personnel; and (b) the specific remuneration packages for each director as well as for the key management personnel.

Provision 6.2: The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

The RC comprises three (3) Independent Directors (including the Chairman of the Board), namely Mr Goh Teck Sia, Ms Lau Lee Hua and Mr Tan Siew Bin Ronnie. The Chairman of the RC is Mr Goh Teck Sia.

The RC's primary function is to develop a formal and transparent policies for remuneration of the Board, key management personnel and employees who are related to the controlling shareholders, Directors and Group CEO. The RC also reviews and ensures that the Company's remuneration system is appropriate to attract, retain and motivate the required talent to run the Company successfully. The overriding principle is that no Directors should be involved in deciding his/her own remuneration.

CORPORATE GOVERNANCE REPORT

The RC is guided by key terms of reference as follows:

(a) reviews and recommends to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director (executive and independent) as well as for the key management personnel;

(b) ensuring that a formal and transparent procedure is in place for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel; and

(c) reviews the performance of the Group's key management personnel taking into consideration the Group CEO's assessment and recommending for remuneration and bonus.

Provision 6.3: The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

The remuneration received by the Executive Directors and key management personnel takes into consideration his/her individual performance and contribution towards the overall performance of the Group for FY2021. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The following performance evaluation criteria are set 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 ESOS)**
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors
Quantitative	PBT* of at least S$3.5 million	Relative financial performance of the Group over a 5 years period to its industry peers.

* PBT means the Group's audited consolidated profit before tax before payment of any bonus. This criteria is pursuant to the service agreements signed between the Executive Directors and the Company and excluding any gains earned from extraordinary and exceptional items.

The RC has reviewed and is satisfied that, save for the quantitative performance condition for PBT of at least S$3.5 million, the performance evaluation criteria were met by the Executive Directors and key management personnel for FY2021.

CORPORATE GOVERNANCE REPORT

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. All respects of the remuneration framework, including but not limited to Directors' fees, salaries, allowances, bonuses, the awards to be granted under the performance share plan, options to be issued under the employee share option scheme, termination terms as well as other benefits-in-kinds are reviewed by the RC and ensure they are fair. The recommendations of the RC are recommended to the Board for approval. The procedure is reviewed periodically to ensure they remain competitive and relevant.

The remuneration of employees who have any familial relationships with the Directors, key management personnel, Group CEO and controlling shareholders, will also be reviewed annually by the RC to ensure that their remuneration packages are in line with the employees' remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee(s) under review, he/she will abstain from participating in the review, discussion and approval.

The framework for Non-Executive Directors and Board Committees' fees (per annum basis unless otherwise indicated) are as follows:

Role	Member	Chairman
Board of Directors	S$25,000	Additional S$10,000
Audit and Risk Committee	S$10,000	Additional S$10,000
Remuneration Committee	S$5,000	Additional S$5,000
Nominating Committee	S$5,000	Additional S$5,000

The Executive Directors and key management personnel each have an employment contract with the Company which can be terminated by the Company without prejudice to and in addition to any other remedy by giving not less than three (3) months' notice of termination and vice versa. The appointments of Executive Directors do not have onerous removal clauses contained in their respective employment contracts and will be reviewed to reflect their strategic importance to the Group.

Provision 6.4: The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.

The Company has not engaged any remuneration consultants to seek advice on remuneration matters during FY2021. Moving forward, the RC will consider the need to engage such external remuneration consultants and where applicable, it will review the independence of the external firm before engaging them.

CORPORATE GOVERNANCE REPORT

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.

Provisions 7.1: A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

Provisions 7.3: Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

The Company's remuneration structure for its Executive Directors and key management personnel comprises both fixed and variable components. The variable component is performance related and is linked to the Company's performance as well as individual performance. It is designed to align remuneration with the shareholders' interest and to link rewards with corporate and individual performance to promote long-term success of the Group.

For the purpose of assessing the performance of the Executive Directors and key management personnel, specific performance indicators are agreed for each financial year and such indicators comprise both quantitative and qualitative factors.

Executive Directors and key management personnel do not receive Directors' fees from the Company or its subsidiaries/ associated companies if they are appointed to the Board as stipulated in the Group's remuneration policy.

Contractual Provision to Reclaim Incentive Components of Remuneration
The Company currently does not have any contractual provisions which allows 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 results of its Executive Directors and key management, "claw-back" provisions in the service agreements may not be relevant or appropriate.

Long-term Incentive Scheme
The Company has adopted a performance share option plan known as the "Natural Cool Employee Share Option Scheme" ("NCH ESOS") and a performance share plan ("NCH PSP"). The NCH ESOS and NCH PSP provide an opportunity for employees and Directors who have contributed significantly to the growth and performance of the Group to participate in the equity of the Company to motivate them to greater dedication, loyalty and higher standards of performance and to give recognition for past contributions and services.

As at the date of this Annual Report, no options have been granted under the NCH ESOS, nor any shares under the NCH PSP.

CORPORATE GOVERNANCE REPORT

Provision 7.2: The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The Non-Executive Directors have no service agreements (except for the letter of appointment) with the Company and their terms in office are specified in the Constitution. The Non-Executive Directors receive a base Director's fees and additional fees in respect of each Committee that they serve on, with the Chairman of the Committees (other than the RC and NC) receiving a higher fees in respect of their service as Chairman of the respective Committees. The RC and the Board are of the view that the remuneration of the Non-Executive Directors is appropriate, without compromising their independence, in accordance with the market condition and taking into account factors such as effort and time spent and the increasingly onerous responsibilities of the Directors. The Directors' fees are subject to approval by shareholders at the AGM. No Non-Executive Director is involved in deciding his or her own remuneration.

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: The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

Provisions 8.3: The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

The Code 2018 recommends that companies fully disclose the remuneration of each individual Director and the Group CEO on a named basis. The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the Directors' remuneration due to such disclosure would be prejudicial to its business interest given the highly competitive environment, commercial sensitivity and confidential nature of remuneration matters. As such, the Board has deviated from complying with the relevant guideline of the Code 2018 and has provided a breakdown, showing the level and mix of each Director and the Group CEO in bands of S$250,000.

The Management has confirmed that the Group's remuneration policy has been set to align remuneration with the interests of shareholders and link rewards with corporate and individual performance to promote the long-term sustainability of the Group.

CORPORATE GOVERNANCE REPORT

The breakdown for the remuneration of the Directors for FY2021 is as follows:

Breakdown of Remuneration in Percentage (%)						
Name	**Remuneration Band**	**Salary (%)**	**Bonus (%)**	**Benefits-in-kind (%)**	**Directors' Fees (%)[1]**	**Total (%)**
Tsng Joo Peng	S$500,000 to S$749,999	86	8	6	–	100
Choy Bing Choong	S$250,001 to S$499,999	86	8	6	–	100
Goh Teck Sia	Below S$250,000	–	–	–	100	100
Lau Lee Hua	Below S$250,000	–	–	–	100	100
Tan Siew Bin Ronnie[2]	Below S$250,000	–	–	–	100	100
Mahtani Bhagwandas[3]	Below S$250,000	–	–	–	100	100

Notes:–
(1) The Directors' fees for FY2021 have been approved by shareholders at the AGM held on 28 April 2021.
(2) Mr Tan Siew Bin Ronnie was appointed as Independent Director of the Company with effect from 28 July 2021.
(3) Mr Mahtani Bhagwandas retired as Independent Director of the Company on 28 April 2021 at the conclusion of the AGM.

The Independent Directors are paid only directors' fees, subject to approval at the AGM. The fees paid to Independent Directors comprise a basic fee, a fee for chairing a committee and a fee for being a member of the committee. For FY2021, a total of S$156,814 directors' fees were paid to Independent Directors.

The Management has confirmed that there is no termination, retirement, or post-employment benefits that may be granted to the Directors, Group CEO and key management personnel.

Remuneration of Key Management Personnel (Other than Directors)

Management has confirmed the breakdown for the remuneration of the Company's key management personnel (who are not Directors/Group CEO) for FY2021 is as follows:

Breakdown of Remuneration in Percentage (%)				
Name	**Salary (%)**	**Bonus (%)**	**Benefits-in-kind (%)**	**Total (%)**
S$250,000 to S$499,999				
Neo Han Cheng	82	14	4	100
Tan Kian Yong	84	14	2	100
Lee Wan Kah	82	16	2	100
Below S$250,000				
Teng Gek Chui	85	13	2	100

The Company has four (4) key management personnel in FY2021. The total remuneration paid to the top four (4) key management personnels for FY2021 was S$1,171,950.

CORPORATE GOVERNANCE REPORT

Employee Share Option Scheme and Performance Share Plan
For FY2021, no options and shares have been granted under NCH ESOS and NCH PSP. Please refer to Provision 7.1 for details.

Provision 8.2: The company discloses the names and remuneration of 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 the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

Save for the Group CEO in FY2021, there are no employees who were substantial shareholders of the Company during this period.

The Group does not have any employee who is an immediate family member of a Director/Group CEO of the Company and whose remuneration exceeds S$100,000 during FY2021.

ACCOUNTABILITY AND AUDIT

Principle 9: 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: The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

The Board is responsible for the management of the Group's significant risks and is assisted by the ARC in the oversight of the risk management and internal control systems of the Group.

A summary of the Company's risk management and internal controls system is appended below:

The Group recognises risk management as a collective effort beginning with each business units followed by the operating segments and ultimately the Management and the Board, working as a team. The Group CEO and Management of the Company assume responsibilities of the risk management function where they regularly assess and review the Group's business and operational environments to identify areas of significant financial, operational, compliance and information technology risks.

The Board has approved the Enterprise Risk Management ("ERM") framework for the identification of key risks of the Group. Key risks of the Group are tabled to the Board for review and undertaking of the necessary actions.

The ARC is responsible for reviewing the audit reports from the internal auditors and external auditors and assists the Board in overseeing the Management in the formulation, updating and maintenance of an adequate and effective risk management framework and internal controls. The Board, with the assistance of the ARC, is responsible for the governance of risk by ensuring the adequacy and effectiveness of the system of risk management and internal controls.

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The Group has implemented policies and procedures to enhance the Group's internal control function in areas such as finance, operations, compliance and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, financial information are used within the business and information to be published are reliable.

The ARC, with the assistance of the internal and external auditors, annually reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The internal auditor, Mazars LLP, has carried out internal audit on the system of internal controls and reported the findings to ARC. The external auditor, KPMG LLP, has also, in the course of their statutory audit, gained an understanding of the key financial controls assessed to be relevant to the statutory audit.

The Company's internal auditors conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and a risk assessment at least annually to ensure the adequacy thereof. The findings of the review conducted by the internal auditors together with the review undertaken by the external auditors as part of their statutory audit are presented in their findings to the ARC. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditors and external auditors in this respect.

Provision 9.2: The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

The Group CEO and Financial Controller ("FC") of the Company have provided a written assurance to the ARC and the Board that the integrity of the Company's financial records have been properly maintained and the financial statements give a true and fair view of the Company's operation and finances.

The Group CEO and other key management personnel have provided a written assurance to the ARC and the Board on the Company's risk management and internal control systems are adequate and effective.

Based on the ERM framework and internal controls established and maintained by the Group, work performed by the internal auditors, statutory audit performed by the external auditors and the written representation from the Management, the Board, with the concurrence of the ARC, is of the view that, the Group's risk management and internal control systems (including the financial, operational, compliance and information technology controls) were adequate and effective as at 31 December 2021.

The internal controls and risk management systems established by the Group provides reasonable but not absolute assurance that the Group will not be adversely affected by any event that can reasonably be foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. As such, the Group's risk management and internal control systems are regularly evaluated and improved to ensure its relevance and adequacy in relation to the Group's operations.

CORPORATE GOVERNANCE REPORT

Principle 10: Audit and Risk Committee

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

Provision 10.1:
The duties of the ARC include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and

(f) reviewing 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 on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

Provision 10.2: The ARC comprises at least three directors, all of whom are non-executive and the majority of whom, including the ARC Chairman, are independent. At least two members, including the ARC Chairman, have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3: The ARC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two 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.

All members of the ARC are Independent Non-Executive Directors who do not have any management and significant business relationships with the Company or any substantial shareholders of the Company. None of the ARC members were previous partners or Directors of the Company's external audit firm within the last 2 years and none of the ARC members hold any financial interest in the Company's external audit firm.

The ARC Chairman has necessary accounting and related financial management experience and expertise. The other members of the ARC possess experience in legal and business management. Mr Tan was also the ARC member of Asian Macro Holdings Limited since May 2007 to May 2011. Therefore, the Board considers that the ARC members are appropriately qualified to discharge their responsibilities.

CORPORATE GOVERNANCE REPORT

The role of ARC is to assist the Board in discharging their responsibilities to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The ARC will provide a channel of communication between the Board, the Management and the external auditors on matters relating to audit. The ARC's responsibilities, as set out in its terms of reference, include the following:

(i) Review with the external and internal auditors:–

- (a) their audit plan, including the nature and scope of the audit before the audit commences;
- (b) ensure Quality Assurance Review is independently conducted at least once every five years;
- (c) discuss Key Audit Matters with external auditors and ascertain if there are any follow up actions which should be taken to reduce the extent of the uncertainty and corresponding need for judgement for future periods;
- (d) their evaluation of the system of internal controls including financial, operational, compliance and information technology controls and risk management system;
- (e) their audit report; and
- (f) their management letter and management response;

(ii) Review internal control procedures, its scope and results to ensure co-ordination between the internal/external auditors and the Management, including assistance given by our Management to the internal/external auditors and discuss problems and concerns, if any, arising from the interim and final audit;

(iii) Review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function;

(iv) Review half-year and annual financial statements to ensure integrity of the financial statements before submission to the Board for approval, focusing in particular, on:–

- (a) significant financial reporting issues and judgements;
- (b) changes in accounting policies and practices;
- (c) major risk areas;
- (d) significant adjustments resulting from the audit;
- (e) the going concern statement;
- (f) compliance with accounting standards;
- (g) compliance with stock exchange and statutory or regulatory requirement; and
- (h) any announcement relating to the Company's financial performance;

CORPORATE GOVERNANCE REPORT

(v) Review and report to Board at least annually on the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management system;

(vi) Review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have material impact on the Company's operating results or financial position and Management's response;

(vii) Meet with external auditors and with the internal auditors without the presence of Management, at least annually;

(viii) Review interested person transactions (if any) falling within the scope of Chapter 9 of SGX-ST;

(ix) Make recommendations to the Board on proposals to shareholders relating to the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

(x) Review the adequacy, effectiveness, independence, scope and results of the external audit and the Group's internal audit function;

(xi) Review the assurance from the Group CEO and the FC on the financial records and financial statements;

(xii) Report to the Board its findings from time to time on matters arising and require the attention of the ARC;

(xiii) Undertake such other reviews and projects as may be requested by the Board;

(xiv) Provide arrangements whereby concerns on possible financial improprieties or, other matters raised by whistle-blowers are investigated independently and appropriate follow-up action taken;

(xv) Undertake such other functions and duties as may be required by statue or Catalist Rules, and by such amendments made thereto from time to time; and

(xv) Investigate any matters within its terms of reference, with full access to and the co-operation of Management and full discretion to invite any Director or executive officer to attend its meeting, and reasonable resources to enable it to discharge its functions properly.

CORPORATE GOVERNANCE REPORT

The Group has complied with Rules 712 and 716 of the Catalist Rules in relation to the appointment of its external auditor. The ARC has reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors and has recommended the re-appointment of the external auditor at the forthcoming AGM.

Fees Paid/Payable to the External Auditors for FY2021		
	S$'000	**% of total**
Audit fees		
– Auditor of the Company	217	75
– Other auditors (for certain subsidiaries)	48	17
Non-audit fees		
– Auditor of the Company	23	8
Total	**288**	**100**

The ARC reviews the independence of the external auditors annually. The ARC has conducted an annual review of the volume of non-audit services provided by the external auditors to ensure that the nature and extent of such services will not prejudice the independence of the external auditors. The ARC is satisfied with the external auditors' confirmation of their independence and is of the view that the non-audit services rendered in FY2021 in relation to tax compliance were not substantial.

The ARC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the "Audit Quality Indicators Disclosure Framework" published by ACRA such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Group's audit, the size and complexity of the Group.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy which has been reviewed, endorsed by the ARC and approved by the Board; and designated an independent function to investigate whistle-blowing reports made in good faith. Under the whistle-blowing policy, employees and external parties can, in confidence, raise concerns about improper conduct for investigation. The Company is committed to protecting the identity of whistle-blowers, and protecting the whistle-blowers against detrimental or unfair treatment. The ARC is empowered for oversight and monitoring of whistle-blowing policy.

The procedures for whistle-blowing policy are made known on the Company's website (http://natcool.com/whistle-blowing-policy), not just to the employees of the Group but also external parties. Whistle-blowers are given an option to anonymously report any misconducts to the ARC Chairman via a dedicated secured e-mail address (report.nch@natcool.com) to ensure independent, thorough investigation and appropriate follow-up.

Follow-ups will be made to assist with the investigations or to disclose the outcomes of the investigations in the event that whistle-blowers choose to provide their contact details.

To date, no matter was raised through the Group's whistle-blowing channels.

CORPORATE GOVERNANCE REPORT

Provision 10.4: The primary reporting line of the internal audit function is to the ARC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the ARC, and has appropriate standing within the company.

The Board recognises the importance of maintaining an internal audit function to provide an independent assurance over the soundness of the system of internal controls and risk management procedures within the Group to safeguard shareholders' investments and the Group's assets. The ARC has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between internal auditors, external auditors and Management, and ensure that the internal auditors meet or exceed the standards set by nationally or internationally recognised professional bodies.

The ARC oversees the Group's internal controls and risk management and its responsibilities are complemented by the work of the internal auditors.

The Group's internal audit function is outsourced to Messrs Mazars LLP that reports directly to the ARC Chairman and administratively to the FC. The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit and is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Group is outsourced to.

The Group's internal audit function is independent of the activities it audits. The internal auditor has unrestricted access to the Company's documents, records, properties and personnel. The Group's engagement with the internal auditors stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") issued by the Institute of Internal Auditors. As of the date of this Annual Report, the internal auditor is staffed with professionals with relevant experience and qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan which entails the review of the selected functions or business units of the Group is developed and agreed by the ARC. The ARC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

The ARC reviews the adequacy and effectiveness of the internal audit function on an annual basis. In accordance with Rule 1204(10) of the Catalist Rules, the ARC is satisfied that internal auditors are independent, effective, and adequately resourced and qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and has the appropriate standing in the Company to discharge its duties effectively.

Provision 10.5: The ARC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

In performing its functions, the ARC and the Management meet with the external and internal auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audit. The ARC also meets regularly with the Management, the Financial Controller and external auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements. The ARC has met up with the internal and external auditors at least once in absence of key management personnel so that any concern and/or issue can be raised directly and privately in FY2021.

CORPORATE GOVERNANCE REPORT

Significant Accounting Matters

In the review of the financial statements for FY2021, the ARC had discussed with the Management and the external auditors on changes to accounting standards and significant issues and assumptions that impact the financial statements. The most significant matters had also been included in the Independent Auditor's Report to the members of the Company under "Key Audit Matter". Following the review, the ARC is satisfied that this matter had been properly dealt with. The Board had approved the financial statements.

Key audit matter	How the matter was addressed by the ARC
Impairment assessment of non-financial assets (Refer to Notes 4, 5 and 6 to the financial statements)	The ARC considered the Management's approach and methodology applied to the valuation model in assessing the valuation of cash generating units ("CGU") and took into account the observations and findings presented by external auditor with reference to: (i) Management's assumptions including, revenue growth, gross profit margin, operating expenses, discount rates used and discussed such assumptions and assessment with Management; and (ii) the qualifications, objectivity and competency of external valuers, and also the appropriateness of key assumptions applied in the valuation. The above procedures provided the ARC with the assurance and the ARC was satisfied with the approach and methodology applied to the valuation model and Management's assumptions and estimates used in the impairment assessment.

SHAREHOLDERS' RIGHTS AND ENGAGEMENT

Principle 11: Shareholder rights and conduct of general meetings

The company treat 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.

Provision 11.1: The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

The Company believes in providing sufficient and regular information to its shareholders. In this respect, the Board adopts a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance, including changes which are likely to materially affect the price or value of its shares to aid the shareholders in their investment decisions.

The Company also releases timely disclosures of any new material information, where applicable, to the shareholders on SGXNet.

CORPORATE GOVERNANCE REPORT

The Company's principal form of dialogue with the shareholders takes place at general meetings. Notices of general meetings are released to shareholders, together with the Annual Report and/or circulars within 4 months after the close of the financial year as prescribed by the relevant regulations. These notices are also published on the Company's website at the URL http://naturalcool.listedcompany.com/ and SGXNet. Any notice of a general meeting of shareholders is issued at least 14 days or 21 days, as the case may be, before the scheduled date of such meeting. Where necessary, additional explanatory notes will be provided for relevant resolutions to be tabled at general meetings to enable shareholders to exercise their vote on an informed basis. At general meetings, shareholders will be given the opportunity to voice their views and direct their questions to the Board regarding the Company.

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. An independent polling agent is appointed by the Company who will explain the rules, including the voting procedures, that governs the general meetings of the Company to be held.

In line with the Catalist Rules, resolutions tabled at general meetings of the Company will be passed through a process of voting by poll which procedures will be clearly explained by an independent scrutineers at the Company's general meetings. For greater transparency and fairness in the voting process, voting at shareholders' meetings will be conducted by poll. This allows all shareholders present or represented at the meetings to vote on a one-share-one-vote basis. Results are announced in detail, showing the number of votes cast for and against each resolution and the respective percentages and the name of the independent scrutineer will be announced via SGXNet immediately after each general meeting. Electronic polling is not used due to the small turnout at AGM.

Pursuant to Covid-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the general meetings of the Company in FY2021 were held by way of electronic means and shareholders were not able to attend the general meetings 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 prior to or at the general meetings, and voting procedures for the general meetings. In view of the continuing Covid-19 situation, the Company will be conducting the forthcoming AGM in similar manner.

Provision 11.2: The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.

The Board notes that the best practice is to have separate resolutions on each substantially separate issue at general meetings. The Company shall avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situation where resolutions are inter-conditional, the Company will provide clear explanations. These meetings provide excellent opportunities to build shareholders' understanding of the Group's businesses, and obtain shareholders' feedbacks on value creation.

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Provision 11.3: All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.

The Company requires all Directors (including the respective Chairman of the Board Committees) to be present at all general meetings of the Company, except in cases of exigencies. The external auditors are also invited to be present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. Relevant key management personnel will also be present at the general meetings of the Company to respond, if necessary, to operational questions from shareholders.

All Directors (including the respective Chairman of the Board Committees) and the external auditors attended the Company's AGM held on 28 April 2021.

Provision 11.4: The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

The Company's Constitution allows all shareholders to appoint not more than two proxies to attend and vote on their behalf and also provides that a proxy need not be a shareholder of the Company. Due to the current Covid-19 situation and the related elevated safe distancing measures in Singapore, a member 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 vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Such rights include the right to participate in the meeting through live webcast and submit questions prior to the meeting and have substantial and relevant questions answered. Registered shareholders who are unable to attend the general meetings are entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act 1967). A relevant intermediary may appoint more than two proxies to participate in shareholders' meeting, but each proxy must be appointed to exercise rights attached to a different share or shares held by such shareholder. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund ("CPF") Board which purchase shares on behalf of CPF investors. Voting in absentia and by electronic mail may only be possible following careful study to ensure that the integrity of the information and authentication of the identity of shareholder through the web or other means are not compromised.

Provision 11.5: The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

The minutes of general meetings, which include substantial and relevant comments or queries from shareholders and responses from the Board and Management will be made available to shareholders on the Company's website at the URL http://naturalcool.listedcompany.com/ and SGXNet within a month from the general meeting.

Provision 11.6: The company has a dividend policy and communicates it to shareholders.

The Company does not have a fixed dividend policy. Nonetheless, Management will review, inter alia, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.

CORPORATE GOVERNANCE REPORT

The Board is recommending 0.14 Singapore cent per ordinary share for FY2021 (FY2020: 0.15 Singapore cent per ordinary share) as the first and final one-tier tax exempt dividend payable to shareholders, subject to the approval of shareholders at the forthcoming AGM. The total dividend payable amounted to S$0.35 million for FY2021 (FY2020: S$0.37 million).

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: The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

The Company does not practice selective disclosure of information. In line with the Company's continuous disclosure obligations pursuant to the Catalist Rules and the Companies Act 1967, the Board adopts the policy that all shareholders should be equally and timely informed of all major developments that impact the Group.

Information will first be disseminated to the shareholders through SGXNet and where relevant, followed by press release(s) and the uploading to the Company's website. The Company will also make announcements from time to time to update investors and shareholders on developments that are of interest to them. The Company strives to supply shareholders with reliable and timely information to strengthen the relationship with its shareholders based on trust and accessibility.

Provisions 12.2: The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

Provisions 12.3: The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

The Company has an internal investor relations function to facilitate the communications with the stakeholders on a regular basis, attend to their queries or concerns as well as to keep the investors apprised of the Group's corporate developments and financial performance.

To enable the stakeholders to contact the Company easily, the contact details of the investor relations function have been set out at page 16 of this Annual Report as well as on the Company's website. The Company have put in place procedures to respond to investors' queries.

The Company has in place an investor relations policy which outlines the processes and practices that the Company adopts to ensure effective communication of information to shareholders and the investment community, in a timely manner. All disclosures of materials information are submitted to SGX-ST through SGXNet, and are made available on the Company's website at the URL http://naturalcool.listedcompany.com/.

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The policy is subject to regular review by the senior management and the Board to ensure its effectiveness. Updates and amendments (as appropriate) will be made to reflect current best practices in our communication with shareholders and the investment community.

Principle 13: Managing stakeholders relationships and 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 responsibilities to ensure that the best interests of the company are served.

Provisions 13.1: The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

Provisions 13.2: The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

Since 2017, the Company has established a sustainability framework to outline how its contribution to global sustainability challenges will drive its future success. Our engagement with material stakeholder groups, including key areas of focus and engagement channels, are disclosed in the "Sustainability Report" section of the Annual Report. The Group's Sustainability Report is prepared in accordance to the Global Reporting Initiative Standards, Core Option and is in line with the requirements of the Catalist Rules on sustainability reporting. The Sustainability Report highlights the environment compliance, employment, occupational health and safety, anti-corruption and etc. The Company delivers long-term value to its stakeholders through sustainable business practices and corporate social responsibility.

Through the materiality assessment process, the Company identifies their key stakeholders who have direct influence on the business and operations. Our engagement with material stakeholder groups, including key issues and engagement platforms, are disclosed in this Annual Report.

The Company seizes opportunities to engage our stakeholders and welcomes feedback on our Sustainability Report. The Sustainability Reporting Committee can be contacted via email at report.sr@natcool.com.

Provision 13.3: The company maintains a current corporate website to communicate and engage with stakeholders.

Stakeholders who wish to know more about the Group and our business, governance practices can visit our Company website at the URL http://naturalcool.listedcompany.com/. Our Company website includes an investor relations section containing the Company's financial highlights, Annual Report, corporate announcements, data protection policy and whistle-blowing policy.

OTHER CORPORATE GOVERNANCE MATTERS

Appointment of Auditors (Rules 712 and 716 of the Catalist Rules)

CORPORATE GOVERNANCE REPORT

The Company confirms its compliance with Rules 712 and 716 of the Catalist Rules. As required by Rule 716 of the Catalist Rules, the ARC and the Board has satisfied themselves that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

Dealing in Securities (Rule 1204(19) of the Catalist Rules)

The Company has adopted an internal policy which prohibits the Directors and officers of the Company from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcements of the financial results via SGXNet. They are also advised to be mindful of the laws on insider-trading at all times.

Interested Person Transactions ("IPT") (Rule 1204(17) of the Catalist Rules)

The Company has established procedures to ensure that all transactions with interested party(ies) are reported on a timely manner to the ARC and Board and the transactions are carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.

All interested person transactions, if any, are reported to and monitored by the finance department, and reviewed by the ARC. Each Director must promptly disclose conflicts of interest, whether direct or indirect, in relation to any transaction or proposed transaction with the Company as soon as is practicable after the relevant facts have come to his/her knowledge, and recuse himself/herself when the conflict-related matter is discussed unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussions, and abstain from voting in relation to conflict-related matters. On an annual basis, each Director and key management personnel are also required to submit details of his/her associates for the purpose of monitoring interested person transactions.

The Company confirms that there are no IPTs of S$100,000 or more entered into for FY2021.

Material Contracts (Rule 1204(8) of the Catalist Rules)

There were no material contracts entered into by the Group involving the interest of the Group CEO, Directors or controlling shareholder(s), which are either still subsisting at the end of FY2021, if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

Non-Sponsor Fees (Rule 1204(21) of the Catalist Rules)

No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2021.

Additional information on Directors seeking re-election pursuant to Rule 720(5) of the Catalist Rules

Mr Tan Siew Bin Ronnie, Mr Goh Teck Sia and Mr Choy Bing Choong are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 28 April 2022 under Ordinary Resolutions 3, 4 and 5 as set out in the Notice of AGM dated 6 April 2022 (collectively the "**Retiring Directors**").

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

Name of Director	**Tan Siew Bin Ronnie**	**Goh Teck Sia**	**Choy Bing Choong**
Date of Appointment	28 July 2021	08 February 2017	01 March 2020
Date of Last Re-Appointment	Nil	28 April 2020	28 April 2020
Age	62	72	56
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and having assessed the qualifications and working experience of Tan Siew Bin Ronnie ("Mr Tan"), is of the view that Mr Tan possesses the requisite qualifications and experience to assume the position as an Independent Non-Executive Director of the Company.	The Board, having considered the recommendation of the Nominating Committee and having assessed the qualifications and working experience of Goh Teck Sia ("Mr Goh"), is of the view that Mr Goh possesses the requisite qualifications and experience to assume the position as an Independent Non-Executive Director of the Company.	The Board, having considered the recommendation of the Nominating Committee and having assessed the leadership in the Group and working experience of Choy Bing Choong ("Mr Choy"), is of the view that Mr Choy possesses the requisite qualifications and experience to assume the position as an Executive Director of the Company.

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Siew Bin Ronnie	Goh Teck Sia	Choy Bing Choong
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Executive As Executive Director, Mr Choy is responsible for execution of the Company's business strategies and plans, overseeing financial, administrative, human resources, investor relations, regulatory and compliance functions, as well as continue with his current Chief Investment Officer duties, which includes charting the growth of the Group, through identification of merger and acquisition opportunities.
Job Title (e.g. Lead ID, ARC Chairman, ARC Member and etc.)	Independent Non-Executive Director Nominating Committee Chairman Remuneration Committee Member Audit and Risk Committee Member	Independent Non-Executive Director and Chairman Remuneration Committee Chairman Nominating Committee Member Audit and Risk Committee Member	Executive Director and Group Chief Operating Officer
Professional qualification	(1) Bachelor of Laws from University of London (2) Admitted to the English and Singapore Bar in 1989 and 1991 respectively	Cambridge School Certificate Grade 2	(1) Bachelor of Accountancy, National University of Singapore (2) Fellow Chartered Accountant, Institute of Singapore Chartered Accountants (3) Member, Singapore Institute of Directors

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Siew Bin Ronnie	Goh Teck Sia	Choy Bing Choong
Working experience and occupation(s) during the past 10 years	May 2002 to present – Managing Director of Central Chambers Law Corporation	Police Officer	(1) August 2006 – June 2014, Director, Corporate Finance at CIMB Bank Berhad, Singapore Branch (2) July 2014 – March 2020, Chief Investment Officer at Natural Cool Holdings Limited (3) March 2020 – Present, Executive Director and Group Chief Operating Officer at Natural Cool Holdings Limited
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
Shareholding details	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Siew Bin Ronnie	Goh Teck Sia	Choy Bing Choong
Other Principal Commitments Including Directorships Past (for the last 5 years)	Director of: (1) Reqall Technologies Pte. Ltd. (struck-off) (2) Asia Entrepreneurs Exchange Ltd. (3) Far East Agribusiness Consultants Pte Ltd (4) Marsman Drysdale Pte. Limited (5) Prosell Global Learning Pte. Ltd. (6) Wireless Ventures Philippines Pte Ltd (7) Symetis Singapore Pte. Ltd. (struck-off) (8) BTV247 Pte. Ltd. (struck-off) (9) Loyalty Play Pte. Ltd. (struck-off) (10) Lundxo Pte. Ltd. (struck-off)	Director of Blue Ocean RAS Pte Ltd	Director of: (1) HMK Energy Pte Ltd (2) PT Harpindo Mitra Kharisma (3) Natural Cool Holdings Limited (4) HMK Investments Ltd (5) Neo Group Limited
Other Principal Commitments Including Directorships Present	Director of: (1) Central Chambers Law Corporation (2) Chambers Resources Pte. Ltd.	Nil	Director of: (1) Hiap Tong Corporation Ltd. (2) Hoe Leong Corporation Ltd. (3) Zhongmin Baihui Retail Group Ltd.
(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	No

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Siew Bin Ronnie	Goh Teck Sia	Choy Bing Choong
(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? If yes, please provide full details.	Yes Mr Tan was a Non-Executive Director of the following companies and was not involved in the day to day administration of the companies and had no part in decisions made by the companies: (i) Everbread Operations Pte. Limited. It was dissolved by creditors voluntary winding up. (ii) Prosell Global Learning Pte Ltd. The company decided to proceed with Members' Voluntary Winding Up. (iii) Unomachine Pte Ltd. The company was dissolved by Compulsory Winding Up (insolvency).	No	Yes Mr Choy was appointed as Non-Executive, Independent Director of Hoe Leong Corporation Ltd. ("Hoe Leong") on 1 September 2019. On 2 October 2019, Hoe Leong received an Originating Summons without a supporting affidavit filed by United Overseas Bank ("UOB") to place the Company under judicial management pursuant to Section 227B of the Companies Act 1967 ("JM Application"). On 7 November 2019, leave was granted by the High Court for UOB to wholly discontinue and/or withdraw the JM Application and UOB has accordingly filed the Notice of Discontinuance/ Withdrawal accordingly to wholly discontinue/ withdraw the JM Application.
(c) Whether there is any unsatisfied judgement against him?	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Siew Bin Ronnie	Goh Teck Sia	Choy Bing Choong
(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	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	No

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Siew Bin Ronnie	Goh Teck Sia	Choy Bing Choong
(f) Whether at any time during the last 10 years, judgement 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	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	No

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Siew Bin Ronnie	Goh Teck Sia	Choy Bing Choong
(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?	Yes Mr Tan was disqualified by Section 155A of Companies Act 1967 from being a Director for 5 years from 16 March 2017. He was requested by a research foundation to hold directorships in 3 companies set up as part of a new start-up assistance scheme. Mr Tan was to hold the non-executive directorships for about 3 months until the new local directors could be appointed. No new directors were appointed to replace him. When the 3 companies did not comply with filling requirement with Accounting and Corporate Regulatory Authority, they were eventually struck off. Mr Tan was then disqualified from holding directorships as a result. On 7 November 2019, Mr Tan was informed by the Attorney General's Chambers ("AGC") that the Ministry of Finance would in principle, have no objections to his fresh application for leave under Section 155A(3) of the Companies Act 1967, subject to conditions. By an application made by Natural Cool Holdings Limited, a letter from the AGC stated that Mr Tan would not be disqualified under Section 155A(1) of the Companies Act 1967 and may act as a director and participate in the management of companies.	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Siew Bin Ronnie	Goh Teck Sia	Choy Bing Choong
(i) Whether he has ever been the subject of any order, judgement 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	No
(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	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law of regulatory requirement governing such entities in Singapore or elsewhere; or	No	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	No

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Siew Bin Ronnie	Goh Teck Sia	Choy Bing Choong
(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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(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	No

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Siew Bin Ronnie	Goh Teck Sia	Choy Bing Choong
Disclosure applicable to appointment of Director only			
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. 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 – Disclosure applicable to the appointment of Directors only.	Not applicable – Disclosure applicable to the appointment of Directors only.	Not applicable – Disclosure applicable to the appointment of Directors only.

DIRECTORS' STATEMENT

We are pleased to submit this Annual Report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages 87 to 158 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The Directors in office at the date of this statement are as follows:

Goh Teck Sia	Independent Non-Executive Director and Chairman
Tsng Joo Peng	Executive Director and Group Chief Executive Officer
Choy Bing Choong	Executive Director and Group Chief Operating Officer
Lau Lee Hua	Independent Non-Executive Director
Tan Siew Bin Ronnie	Independent Non-Executive Director (Appointed on 28 July 2021)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967, particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants or share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of Director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary shares		
Tsng Joo Peng		
- interest held	16,300,000	17,348,426
- deemed interest	1,048,426	–

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

DIRECTORS' STATEMENT

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2022.

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

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit and Risk Committee

The members of the Audit and Risk Committee during the year and at the date of this statement are:

- Lau Lee Hua (Chairman), Independent Non-Executive Director
- Goh Teck Sia, Independent Non-Executive Director
- Tan Siew Bin Ronnie, Independent Non-Executive Director

The Audit and Risk Committee performs the functions specified in Section 201B of the Companies Act 1967 (the "Act"), the SGX-ST Listing Manual Section B: Rules of Catalist (SGX Listing Manual) and the Code of Corporate Governance.

The Audit and Risk Committee has held two meetings since the last Directors' statement. In performing its functions, the Audit and Risk Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit and Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings. The Audit and Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

DIRECTORS' STATEMENT

The Audit and Risk Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 716 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tsng Joo Peng
Director

Choy Bing Choong
Director

31 March 2022

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY
NATURAL COOL HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Natural Cool Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 87 to 158.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") 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 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 *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *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.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY
NATURAL COOL HOLDINGS LIMITED

Valuation of non-financial assets **(Refer to Notes 4, 5 and 6 to the financial statements)**	
The key audit matter	*How the matter was addressed in our audit*
As at 31 December 2021, the Group's market capitalisation was below its net assets. This is an indication that the Group's non-financial assets may be impaired. The Group performed an impairment assessment of its non-financial assets by estimating the recoverable amounts of its cash generating units ("CGUs"). The recoverable amount of a CGU is determined based on the higher of the CGU's fair value less costs of disposal and its values in use. Forecasting future cash flows is a judgemental process which involves making assumptions relating to estimates on revenue growth, gross profit margin, operating expenses and the discount rates. Fair value less costs to sell determined by independent external valuer using the market comparison approach is sensitive to the key assumptions applied.	Our key procedures include the below, amongst others: • Obtained an understanding and evaluated the key controls over the impairment assessment process. • Discussed with Management and evaluated their determination of CGUs. • Reviewed the key assumptions including, revenue growth, gross profit margin and operating expenses by comparing them to historical results, market data and industry forecasts. This includes making enquiries with Management about their business strategies and plan on revenue growth and profitability. • Assessed the discount rates used by comparing against the independently computed weighted average cost of capital. • Evaluated the qualifications, objectivity and competency of the external valuer, and also the appropriateness of the key assumptions applied, taking into consideration recent transactions adjusted for comparability. • Considered the disclosures in describing the key assumptions applied and estimation uncertainty.

Other information

Management is responsible for the other information contained in the Annual Report. Other information is defined as all information in the Annual Report other than the financial statements and our auditor's report thereon.

We have obtained all other information prior to the date of this auditor's report.

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.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY
NATURAL COOL HOLDINGS LIMITED

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 IFRSs, 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.

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 controls.

- Obtain an understanding of internal controls 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 controls.

- 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.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY
NATURAL COOL HOLDINGS LIMITED

- 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 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 the law or regulations preclude 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 Tan Yek Lee Doreen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Assets					
Property, plant and equipment	4	**54,449**	60,528	**11**	19
Intangible assets and goodwill	5	**2,429**	2,018	**251**	104
Investment property	6	**950**	–	**–**	–
Subsidiaries	7	**–**	–	**8,025**	7,932
Other investments	8	**–**	600	**–**	600
Other receivables	10	**2,333**	1,940	**5,894**	2,507
Non-current assets		**60,161**	65,086	**14,181**	11,162
Inventories	9	**8,575**	8,036	**–**	–
Contract assets	20	**4,397**	966	**–**	–
Trade and other receivables	10	**19,701**	17,320	**1,387**	1,447
Other investments	8	**1,000**	–	**1,000**	–
Cash and cash equivalents	11	**11,625**	10,744	**703**	2,602
Current assets		**45,298**	37,066	**3,090**	4,049
Total assets		**105,459**	102,152	**17,271**	15,211
Equity					
Share capital	12	**36,412**	36,412	**36,412**	36,412
Reserves	13	**(3,029)**	(3,041)	**300**	300
Accumulated losses		**(19,170)**	(13,131)	**(31,372)**	(31,365)
Equity attributable to owners of the Company		**14,213**	20,240	**5,340**	5,347
Non-controlling interests		**(349)**	(288)	**–**	–
Total equity		**13,864**	19,952	**5,340**	5,347
Liabilities					
Loans and borrowings	14	**48,394**	47,139	**3,375**	4,498
Deferred tax liabilities	15	**324**	266	**–**	–
Provision	17	**580**	540	**–**	–
Non-current liabilities		**49,298**	47,945	**3,375**	4,498
Loans and borrowings	14	**11,006**	6,045	**1,223**	502
Contract liabilities	20	**11,766**	12,634	**–**	–
Trade and other payables	16	**19,327**	15,400	**7,333**	4,864
Current tax liabilities		**198**	176	**–**	–
Current liabilities		**42,297**	34,255	**8,556**	5,366
Total liabilities		**91,595**	82,200	**11,931**	9,864
Total equity and liabilities		**105,459**	102,152	**17,271**	15,211

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
Revenue	20	**147,953**	120,208
Cost of sales		**(127,362)**	(101,821)
Gross profit		**20,591**	18,387
Other income	21	**1,892**	3,040
Distribution expenses		**(2,890)**	(1,924)
Administrative expenses		**(18,384)**	(15,977)
Impairment loss on trade receivables and contract assets, including bad debts written-off		**(133)**	(706)
Other expenses	22	**(5,593)**	(712)
Results from operating activities		**(4,517)**	2,108
Finance costs	23	**(1,179)**	(1,059)
(Loss)/Profit before tax		**(5,696)**	1,049
Tax (expense)/credit	24	**(214)**	65
(Loss)/Profit for the year	25	**(5,910)**	1,114
(Loss)/Profit attributable to:			
Owners of the Company		**(5,663)**	1,271
Non-controlling interests		**(247)**	(157)
(Loss)/Profit for the year		**(5,910)**	1,114
(Losses)/Earnings per share			
Basic and diluted (losses)/earnings per share (cents)	26	**(2.26)**	0.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

	Group	
	2021	**2020**
	$'000	**$'000**
(Loss)/Profit for the year	**(5,910)**	1,114
Other comprehensive income/(loss)		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences from translation of foreign operations	**18**	(6)
Other comprehensive income/(loss) for the year	**18**	(6)
Total comprehensive (loss)/income for the year	**(5,892)**	1,108
Total comprehensive (loss)/income attributable to:		
Owners of the Company	**(5,651)**	1,268
Non-controlling interests	**(241)**	(160)
Total comprehensive (loss)/income for the year	**(5,892)**	1,108

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Accumulated losses $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group							
At 1 January 2020	36,412	(3,078)	40	(14,402)	18,972	(128)	18,844
Total comprehensive income for the year							
Profit/(Loss) for the year	–	–	–	1,271	1,271	(157)	1,114
Other comprehensive loss							
Foreign currency translation differences from translation of foreign operations	–	–	(3)	–	(3)	(3)	(6)
Total comprehensive (loss)/ income for the year	–	–	(3)	1,271	1,268	(160)	1,108
At 31 December 2020	36,412	(3,078)	37	(13,131)	20,240	(288)	19,952

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	Note	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Accumulated losses $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 January 2021		36,412	(3,078)	37	(13,131)	20,240	(288)	19,952
Total comprehensive loss for the year								
Loss for the year		–	–	–	(5,663)	(5,663)	(247)	(5,910)
Other comprehensive income								
Foreign currency translation differences from translation of foreign operations		–	–	12	–	12	6	18
Total comprehensive income/(loss) for the year		–	–	12	(5,663)	(5,651)	(241)	(5,892)
Transaction with owners, recognised directly in equity								
Dividend declared	13	–	–	–	(376)	(376)	–	(376)
Total transaction with owners		–	–	–	(376)	(376)	–	(376)
Changes in ownership interests in subsidiary								
Acquisition of subsidiary with non-controlling interests	31	–	–	–	–	–	180	180
Total changes in ownership interests in subsidiary		–	–	–	–	–	180	180
At 31 December 2021		36,412	(3,078)	49	(19,170)	14,213	(349)	13,864

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from operating activities			
(Loss)/Profit for the year		**(5,910)**	1,114
Adjustments for:			
Amortisation of intangible assets		**107**	116
Change in fair value of financial asset at fair value through profit or loss ("FVTPL")		**600**	–
Depreciation of property, plant and equipment		**7,726**	6,469
(Gain)/Loss on disposal of property, plant and equipment		**(162)**	16
Impairment loss on goodwill		**103**	–
Impairment loss on property, plant and equipment		**4,565**	–
Interest expenses		**1,179**	1,059
Interest income		**(3)**	(17)
Property, plant and equipment written-off		**34**	4
Tax expense/(credit)		**214**	(65)
		8,453	8,696
Changes in:			
Inventories		**(539)**	2,716
Trade and other receivables		**(1,916)**	6,434
Contract assets		**(247)**	771
Trade and other payables		**744**	(4,004)
Contract liabilities		**(912)**	45
Cash generated from operations		**5,583**	14,658
Tax paid		**(155)**	(363)
Net cash from operating activities		**5,428**	14,295
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	31	**(316)**	–
Interest received		**3**	17
Investment in other investment		**(1,000)**	–
Proceeds from disposal of property, plant and equipment		**297**	93
Purchase of intangible assets		**(336)**	(152)
Purchase of property, plant and equipment		**(3,308)**	(1,028)
Net cash used in investing activities		**(4,660)**	(1,070)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from financing activities			
Dividend paid		**(376)**	–
Interest paid	14	**(1,139)**	(1,021)
Changes in bills payable	14	**2,669**	(6,628)
Payment of lease liabilities	14	**(4,704)**	(6,766)
Proceeds from borrowings	14	**5,000**	6,000
Repayment of borrowings	14	**(1,362)**	(1,526)
Net cash from/(used in) financing activities		**88**	(9,941)
Net increase in cash and cash equivalents		**856**	3,284
Cash and cash equivalents at beginning of year		**10,744**	7,463
Effect of foreign exchange fluctuations on cash held		**25**	(3)
Cash and cash equivalents at end of year	11	**11,625**	10,744

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2022.

1 Domicile and activities

Natural Cool Holdings Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 29 Tai Seng Avenue, #07-01 Natural Cool Lifestyle Hub, Singapore 534119.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as follows:

- Air-conditioning: trading of air-conditioning units and spare parts, installation services for commercial air-conditioning systems and mechanical ventilation, and maintenance services;
- Investment: property investment holding;
- Paint and coatings: manufacturing, and trading of paint and basic chemicals; and
- Food and beverages ("F&B"): operator of restaurants, manufacture and wholesale of F&B products.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRSs"). The changes to significant accounting policies are described in Note 2.5.

All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s in these financial statements unless otherwise specified.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2 Basis of preparation (Continued)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Notes 4, 5 and 6 – impairment assessment of property, plant and equipment, intangible assets and goodwill, and investment property: key assumptions underlying the recoverable amounts;
- Note 7 – measurement of recoverable amounts of interests in subsidiaries;
- Note 18 – measurement of expected credit loss ("ECL") allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and
- Note 20 – revenue recognition: estimate of total contract costs to complete.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for all significant fair value measurement, including Level 2 and Level 3 fair values, and reports directly to the Board of Directors.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then Management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Board of Directors and Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2 Basis of preparation (Continued)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values (Continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 19 – Measurement of fair values.

2.5 Changes in accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

Except as disclosed in Note 2.5 above, the accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.1 Basis of consolidation (Continued)

(i) Business combinations (Continued)

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.1 Basis of consolidation (Continued)

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(vi) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.2 Foreign currency (Continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income ("OCI"), and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade and other receivables (excluding prepayments) and debt instruments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets (Continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

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

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the consolidated statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(vii) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims insured but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contracts.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

If significant parts of an items of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

(ii) Subsequent costs

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 probable 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. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Leasehold properties	37 years
• Computers	3 years
• Furniture, fittings and office equipment	5 years
• Motor vehicles	5 – 10 years
• Tools and machineries	5 – 10 years
• Renovation	5 – 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.5 Intangible assets and goodwill (Continued)

(ii) Customer relationships and trademark

Customer relationships and trademark that are acquired in a business combination by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 20 years.

(iii) Computer software

Computer software licenses are initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other costs directly attributable to bringing the assets to a working condition for their intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Computer software licenses are subsequently measured at cost less accumulated amortisation and impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 3 years from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

(iv) Order backlogs

Order backlogs are sales contracts that are acquired in a business combination by the Group. They are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of one year.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

(vi) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.6 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.7 Leases

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

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.7 Leases (Continued)

(i) ***As a lessee*** (Continued)

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments; and
- the exercise price under a renewal option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) ***As a lessor***

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.7 Leases (Continued)

(ii) As a lessor (Continued)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

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.

3.9 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- contract assets.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

3 Significant accounting policies (Continued)

3.9 Impairment (Continued)

(i) Non-derivative financial assets and contract assets (Continued)

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

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

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

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

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.9 Impairment (Continued)

(i) Non-derivative financial assets and contract assets (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and contract assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.9 Impairment (Continued)

(ii) Non-financial assets (Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as staff costs in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.11 Provision

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

Restoration

In accordance with a tenancy agreement, a provision for restoration in respect of a building held under operating lease is recognised.

3.12 Revenue

(i) Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual stand-alone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(ii) Rental income

Rental income is recognised as 'revenue' on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.13 Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.14 Finance costs

Finance costs comprise interest expense on loans, lease liabilities and unwinding of the discounts on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss using the effective interest method.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.15 Tax (Continued)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.16 Earnings per share

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

3.17 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 any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group Chief Executive Officer ("CEO") and Group Chief Operating Officer ("COO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group CEO and Group COO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment excluding right-of-use assets, and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (Continued)

3.18 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)*
- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018-2020*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

4 Property, plant and equipment

	Note	Leasehold properties $'000	Computers $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Tools and machineries $'000	Renovation $'000	Right-of-use – motor vehicles $'000	Right-of-use – properties $'000	Total $'000
Group										
Cost										
At 1 January 2020		26,090	884	1,305	1,529	3,565	8,172	4,037	35,796	81,378
Additions		–	72	71	328	308	249	–	504	1,532
Disposals/write-offs		–	(2)	(9)	(268)	(111)	–	–	(110)	(500)
Reclassification upon early settlement of leases		–	–	–	1,909	–	–	(2,822)	–	(913)
Changes in lease modification		–	–	–	–	–	–	–	(5)	(5)
Effect of movements in exchange rates		–	–	–	(2)	–	–	–	(3)	(5)
At 31 December 2020		26,090	954	1,367	3,496	3,762	8,421	1,215	36,182	81,487
Additions		870	97	301	749	334	1,039	78	1,853	5,321
Acquisition through business combination	31	120	–	26	–	–	–	169	–	315
Disposals/write-offs		–	(165)	(112)	(173)	(186)	(4)	(27)	(427)	(1,094)
Changes in lease modification		–	–	–	–	–	–	–	883	883
Effect of movements in exchange rates		–	–	(2)	(1)	(3)	(3)	–	(6)	(15)
At 31 December 2021		**27,080**	**886**	**1,580**	**4,071**	**3,907**	**9,453**	**1,435**	**38,485**	**86,897**
Accumulated depreciation and impairment losses										
At 1 January 2020		2,447	804	910	749	1,923	4,138	1,001	3,792	15,764
Depreciation		766	57	130	464	364	321	408	3,959	6,469
Disposals/write-offs		–	(1)	(6)	(176)	(94)	–	–	(82)	(359)
Reclassification upon early settlement of leases		–	–	–	–	–	–	(913)	–	(913)
Effect of movements in exchange rates		–	–	–	(1)	–	–	–	(1)	(2)
At 31 December 2020		3,213	860	1,034	1,036	2,193	4,459	496	7,668	20,959
Depreciation		885	64	131	742	352	364	187	5,001	7,726
Disposals/write-offs		–	(165)	(72)	(147)	(88)	(1)	(25)	(296)	(794)
Impairment loss	22	–	–	12	–	175	283	–	4,095	4,565
Effect of movements in exchange rates		–	–	(2)	(1)	(2)	(2)	–	(1)	(8)
At 31 December 2021		**4,098**	**759**	**1,103**	**1,630**	**2,630**	**5,103**	**658**	**16,467**	**32,448**
Carrying amounts										
At 1 January 2020		23,643	80	395	780	1,642	4,034	3,036	32,004	65,614
At 31 December 2020		22,877	94	333	2,460	1,569	3,962	719	28,514	60,528
At 31 December 2021		**22,982**	**127**	**477**	**2,441**	**1,277**	**4,350**	**777**	**22,018**	**54,449**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

4 Property, plant and equipment (Continued)

	Computers $'000	Office equipment $'000	Furniture and fittings $'000	Total $'000
Company				
Cost				
At 1 January 2020	63	–	4	67
Additions	2	8	–	10
Write-offs	(2)	–	–	(2)
At 31 December 2020	63	8	4	75
Write-offs	(23)	–	–	(23)
At 31 December 2021	**40**	**8**	**4**	**52**
Accumulated depreciation				
At 1 January 2020	43	–	4	47
Depreciation	9	1	–	10
Write-offs	(1)	–	–	(1)
At 31 December 2020	51	1	4	56
Depreciation	6	2	–	8
Write-offs	(23)	–	–	(23)
At 31 December 2021	**34**	**3**	**4**	**41**
Carrying amounts				
At 1 January 2020	20	–	–	20
At 31 December 2020	12	7	–	19
At 31 December 2021	**6**	**5**	**–**	**11**

Depreciation

The depreciation charge of the Group is recognised in the following line items of the statement of profit or loss:

	2021 $'000	2020 $'000
Cost of sales	**5,205**	4,212
Administrative expenses	**2,521**	2,257
	7,726	6,469

Securities

At 31 December 2021, several leasehold properties are pledged as security to secure bank loans (see Note 14).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

4 Property, plant and equipment (Continued)

Impairment loss

The impairment loss of property, plant and equipment in current financial year mainly relates to the Investment CGU amounted to $4,292,000. The remaining impairment loss of $273,000 relates to plant and equipment of the F&B CGU.

The recoverable amount of the Investment CGU is based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

The Group prepared a 4-year cash flow forecast derived from the most recent financial budgets approved by the Directors of the Group. Key assumptions used in the estimation of the value in use calculation are as set out below.

– Forecasted revenue dropped of 21.9% in the following financial year and of 1.1% to 1.6% annual growth assumed for the subsequent years; and
– Pre-tax discount rate of 8.11% (2020: Nil) has been applied to the pre-tax cash flow projections.

Based on the above, the Investment CGU has been impaired to their value in use and impairment loss on property, plant and equipment has been recognised in other expenses in profit or loss.

Management believes that any reasonable change in the above key assumptions will not materially cause the recoverable value to be lower than the carrying amount.

Sources of estimation uncertainty

In estimating the recoverable amounts of the CGUs using value in use from the respective cash flow forecasts or based on its fair value less costs to sell, the Group assumed revenue growth rates throughout the cash flow forecast periods, terminal values at the end of the cash flow forecast period and discount rate applied to the cash flow projections. The determination requires judgment. The Group evaluates, amongst other factors, the near-term business outlook, including factors such as industry and sector performance, and changes in technology. The fair value less costs to sell determined by independent external valuer using the market comparison approach is sensitive to the key assumptions applied. The key assumptions are dependent to a great extent on economic and other conditions beyond the Group's control. These assumptions continue to be subjected to estimation uncertainties that may result in material adjustments on the recoverable amounts in future periods.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

5 Intangible assets and goodwill

	Note	Goodwill $'000	Order backlogs $'000	Customer relationships $'000	Trademark $'000	Computer software $'000	Others $'000	Total $'000
Group								
Cost								
At 1 January 2020		3,212	188	118	383	575	–	4,476
Additions		–	–	–	–	152	–	152
At 31 December 2020		3,212	188	118	383	727	–	4,628
Additions		–	–	–	–	236	100	336
Acquisition through business combination	31	285	–	–	–	–	–	285
Write-offs		–	–	–	–	(56)	–	(56)
At 31 December 2021		**3,497**	**188**	**118**	**383**	**907**	**100**	**5,193**
Accumulated amortisation and impairment losses								
At 1 January 2020		1,580	188	51	165	510	–	2,494
Amortisation		–	–	6	19	91	–	116
At 31 December 2020		1,580	188	57	184	601	–	2,610
Amortisation		–	–	6	19	66	16	107
Impairment loss		103	–	–	–	–	–	103
Write-offs		–	–	–	–	(56)	–	(56)
At 31 December 2021		**1,683**	**188**	**63**	**203**	**611**	**16**	**2,764**
Carrying amounts								
At 1 January 2020		1,632	–	67	218	65	–	1,982
At 31 December 2020		1,632	–	61	199	126	–	2,018
At 31 December 2021		**1,814**	**–**	**55**	**180**	**296**	**84**	**2,429**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

5 Intangible assets and goodwill (Continued)

	Computer software $'000
Company	
Cost	
At 1 January 2020	53
Additions	144
At 31 December 2020	197
Additions	194
Write-offs	(53)
At 31 December 2021	**338**
Accumulated amortisation	
At 1 January 2020	53
Amortisation	40
At 31 December 2020	93
Amortisation	47
Write-offs	(53)
At 31 December 2021	**87**
Carrying amounts	
At 1 January 2020	–
At 31 December 2020	104
At 31 December 2021	**251**

Amortisation

The amortisation of order backlogs, customer relationships, trademark, computer software and others are included in 'administrative expenses' in profit or loss.

Impairment assessment for CGUs containing goodwill

Aircon CGU

The goodwill comprises mainly of $1,427,000 arising from the acquisition of 51% equity interest in JAD Solutions Pte. Ltd. and was allocated to the Aircon CGU.

The recoverable amount of the Aircon CGU is based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

5 **Intangible assets and goodwill** (Continued)

Impairment assessment for CGUs containing goodwill (Continued)

Aircon CGU (Continued)

The Group prepared a 5-year cash flow forecast derived from the most recent financial budgets approved by the Directors of the Group. Key assumptions used in the estimation of the value in use calculation are as set out below.

– Forecasted revenue growth of 8.3% (2020: 22%) in the following financial year and range of 2.5% to 2.7% (2020: 2.5% to 2.6%) annual growth assumed for the subsequent years;
– Pre-tax discount rate of 9.3% (2020: 9.3%) has been applied to the pre-tax cash flow projections; and
– The terminal value was estimated using the cash flow forecast at the fifth year with a perpetual growth rate of 2.6% (2020: 1.8%).

Management believes that any reasonable change in the above key assumptions will not materially cause the recoverable value to be lower than the carrying amount.

Sources of estimation uncertainty

In estimating the recoverable amounts of the CGUs using value in use from the respective cash flow forecasts or based on its fair value less costs to sell, the Group assumed revenue growth rates throughout the cash flow forecast periods, terminal values at the end of the cash flow forecast period and discount rate applied to the cash flow projections. The determination requires judgment. The Group evaluates, amongst other factors, the near-term business outlook, including factors such as industry and sector performance, and changes in technology.

6 **Investment property**

	Note	Leasehold property $'000
Group		
Cost		
At 1 January 2020 and 31 December 2020		–
Acquisition through business combination	31	950
At 31 December 2021		**950**
Accumulated depreciation		
At 1 January 2020, 31 December 2020 and 31 December 2021		–
Carrying amounts		
At 1 January 2020 and 31 December 2020		–
At 31 December 2021		**950**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

6 Investment property (Continued)

The Group's investment property consists of an industrial property, which is held for long-term rental yields and/or capital appreciation. The property is leased to third party under operating lease.

Security

At 31 December 2021, the investment property is pledged as security to secure bank loans (see Note 14).

Measurement of fair value

The fair value of investment property was determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for the investment property of $950,000 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Comparable sales (market comparison approach): The market comparison approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or group of assets and liabilities, such as a business.	Transacted price of comparable properties: $341 – $514 psf	The estimated fair value would increase/(decrease) if: – The transacted price of comparable properties was higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS

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7 Subsidiaries

	Company 2021 $'000	Company 2020 $'000
Unquoted equity investments, at cost	**9,715**	9,242
Impairment loss	**(2,690)**	(2,310)
	7,025	6,932
Loan to a subsidiary	**1,000**	1,000
	8,025	7,932

The loan to a subsidiary is unsecured, interest-free and repayable only at the discretion of the subsidiary.

The change in impairment losses in respect of the investments in subsidiaries during the year is as follows:

	Company 2021 $'000	Company 2020 $'000
At 1 January	**2,310**	2,310
Impairment loss recognised	**380**	–
At 31 December	**2,690**	2,310

In 2021, the impairment assessment of certain investments in subsidiaries were triggered because of the continuing poor financial performance of the subsidiaries. Management assessed the recoverable amounts of the subsidiaries to be lower than the values in use of the subsidiaries. Accordingly, the Company recognised an impairment loss on investments in the subsidiaries of $380,000 in profit or loss.

Details of significant subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Held by the Company				
Natural Cool Airconditioning & Engineering Pte Ltd[1]	Trading of air-conditioning units and spare parts, installation services and maintenance services	Singapore	**100**	100
Natural Cool Investments Pte. Ltd.[1]	Sub-lease of leased property	Singapore	**100**	100

(1) KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

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7 Subsidiaries (Continued)

Sources of estimation uncertainty

When a subsidiary is in a net liability position and/or has suffered recurring losses, the Company's Management will undertake an impairment assessment to determine the estimated recoverable amount of the investment in the subsidiary. This determination requires significant judgement. An estimate is made of the future profitability, the financial health of and near-term business outlook for the subsidiary, including factors such as industry and sector performance, and operating and financing cash flows. The recoverable amount of the subsidiary will change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

8 Other investments

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Unquoted equity investments – at FVTPL	**–**	600
Money market funds – at FVTPL	**1,000**	–
	1,000	600
Non-current	**–**	600
Current	**1,000**	–
	1,000	600

The Group and the Company also have an unquoted equity investment of $3,750,000 which is accounted for as FVTPL investment and the fair value is assessed to be $Nil (2020: $Nil).

9 Inventories

	Group	
	2021	**2020**
	$'000	**$'000**
Raw materials	**352**	206
Finished goods	**8,223**	7,830
	8,575	8,036

In 2021, inventories of $93,122,000 (2020: $78,340,000) were recognised as an expense during the year and included in 'cost of sales'.

As at 31 December 2021, the inventories are stated after allowance for inventory obsolescence of $Nil (2020: $53,000).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

10 Trade and other receivables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
– third parties	**15,198**	14,468	**–**	–
– subsidiaries	**–**	–	**2,792**	2,561
Impairment losses	**(760)**	(688)	**(2,416)**	(2,232)
Net trade receivables	**14,438**	13,780	**376**	329
Unbilled trade receivables	**2,022**	1,178	**–**	–
Non-trade amounts due from subsidiaries, net	**–**	–	**6,873**	3,580
Accrued discount receivables	**918**	822	**–**	–
Deposits	**3,188**	2,231	**6**	6
Other receivables	**479**	251	**4**	4
Financial assets	**21,045**	18,262	**7,259**	3,919
Prepayments	**989**	998	**22**	35
	22,034	19,260	**7,281**	3,954
Non-current	**2,333**	1,940	**5,894**	2,507
Current	**19,701**	17,320	**1,387**	1,447
	22,034	19,260	**7,281**	3,954

The Group's non-current receivables include a deposit of $1,571,000 (2020: $1,178,000) which was paid to the landlord for its leased property and an insurance payment of $762,000 (2020: $762,000) for its executive Director.

Non-trade balances due from subsidiaries are unsecured, interest-free and repayable on demand. As $5,894,000 (2020: $2,507,000) of the non-trade amounts due from subsidiaries are not expected to be recalled within the next 12 months, the amounts have been classified as non-current. As at 31 December 2021, the impairment losses on non-trade amounts due from subsidiaries amounting to $13,194,000 (2020: $12,299,000).

The Group's and the Company's exposure to credit risk and impairment losses for trade and other receivables are disclosed in Note 18.

11 Cash and cash equivalents

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	**11,613**	10,732	**703**	2,602
Fixed deposits	**12**	12	**–**	–
	11,625	10,744	**703**	2,602

NOTES TO THE FINANCIAL STATEMENTS

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12 Share capital

	Ordinary shares			
	2021		2020	
	No. of shares '000	$'000	No. of shares '000	$'000
Group and Company				
In issue at 1 January and 31 December	**250,448**	**36,412**	250,448	36,412

All issued shares are fully paid, with no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13 Reserves

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Capital reserve	**(3,078)**	(3,078)	**300**	300
Translation reserve	**49**	37	**–**	–
	(3,029)	(3,041)	**300**	300

The capital reserve arises from a common control transaction accounted for using the 'pooling of interest' method and equity component of convertible loan notes.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Dividends

The following first and final exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	2021 $'000	2020 $'000
Paid by the Company to owners of the Company		
0.15 Singapore cents per qualifying ordinary share (2020: $Nil)	**376**	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

13 **Reserves** (Continued)

Dividends (Continued)

After the respective reporting dates, the following first and final exempt (one-tier) dividends were proposed by the Directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2021	**2020**
	$'000	**$'000**
0.14 Singapore cents per qualifying ordinary share (2020: 0.15 Singapore cents)	**351**	**376**

14 **Loans and borrowings**

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Non-current liabilities				
Bank loans (Secured)	**26,029**	22,263	**3,375**	4,498
Lease liabilities	**22,365**	24,876	**–**	–
	48,394	47,139	**3,375**	4,498
Current liabilities				
Bank loans (Secured)	**2,929**	1,446	**1,223**	502
Lease liabilities	**5,408**	4,599	**–**	–
Bills payable	**2,669**	–	**–**	–
	11,006	6,045	**1,223**	502
Total loans and borrowings	**59,400**	53,184	**4,598**	5,000

Information about the Group's exposure to interest rate risk and liquidity risks is included in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

14 Loans and borrowings (Continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
2021				
S$ floating rate loans	1.45% to 3.94%	2022 to 2044	**1,346**	**1,346**
S$ fixed rate loans	1.40% to 4.50%	2022 to 2037	**27,612**	**27,612**
Bills payable	1.44% to 1.75%	2022 to 2022	**2,669**	**2,669**
Lease liabilities	2.00% to 4.43%	2022 to 2050	**31,383**	**27,773**
			63,010	**59,400**
2020				
S$ floating rate loans	1.59% to 3.12%	2021 to 2029	601	601
S$ fixed rate loans	2.00% to 6.25%	2021 to 2037	23,108	23,108
Lease liabilities	2.00% to 4.43%	2021 to 2050	33,608	29,475
			57,317	53,184
Company				
2021				
S$ fixed rate loans	2.00%	2022 to 2025	**4,598**	**4,598**
2020				
S$ fixed rate loans	2.00%	2021 to 2025	5,000	5,000

The secured banking facilities of the Group are secured over leasehold properties with carrying amounts of $23,061,000 (2020: $22,877,000).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

14 Loans and borrowings (Continued)

Terms and debt repayment schedule (Continued)

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

	Bills payable $'000	Bank loans $'000	Lease liabilities $'000	Total $'000
Balance at 1 January 2020	6,628	19,235	35,770	61,633
Changes from financing cash flows				
Interest paid	(131)	(373)	(517)	(1,021)
Proceeds from borrowings	–	6,000	–	6,000
Repayment of borrowings	–	(1,526)	–	(1,526)
Changes in bills payable	(6,628)	–	–	(6,628)
Payment of lease liabilities	–	–	(6,766)	(6,766)
Total changes from financing cash flows	(6,759)	4,101	(7,283)	(9,941)
Other changes				
New leases	–	–	504	504
Lease modification	–	–	(5)	(5)
Termination of lease	–	–	(28)	(28)
Interest expenses	131	373	517	1,021
Total liability-related other changes	131	373	988	1,492
Balance at 31 December 2020	–	23,709	29,475	53,184
Balance at 1 January 2021	**–**	**23,709**	**29,475**	**53,184**
Changes from financing cash flows				
Interest paid	**(38)**	**(511)**	**(590)**	**(1,139)**
Proceeds from borrowings	**–**	**5,000**	**–**	**5,000**
Repayment of borrowings	**–**	**(1,362)**	**–**	**(1,362)**
Changes in bills payable	**2,669**	**–**	**–**	**2,669**
Payment of lease liabilities	**–**	**–**	**(4,704)**	**(4,704)**
Total changes from financing cash flows	**2,631**	**3,127**	**(5,294)**	**464**
Other changes				
Acquisition through business combination (Note 31)	**–**	**1,611**	**237**	**1,848**
New leases	**–**	**–**	**2,015**	**2,015**
Lease modification	**–**	**–**	**883**	**883**
Termination of lease	**–**	**–**	**(133)**	**(133)**
Interest expenses	**38**	**511**	**590**	**1,139**
Total liability-related other changes	**38**	**2,122**	**3,592**	**5,752**
Balance at 31 December 2021	**2,669**	**28,958**	**27,773**	**59,400**

NOTES TO THE FINANCIAL STATEMENTS

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15 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2021 $'000	2020 $'000
Group		
Property, plant and equipment	**324**	266

Movement in temporary differences (prior to offsetting of balances) during the year are as follows:

	Balance as at 1 January 2020 $'000	Recognised in profit or loss (Note 24) $'000	Balance as at 31 December 2020 $'000	Recognised in profit or loss (Note 24) $'000	Balance as at 31 December 2021 $'000
Group					
Deferred tax liabilities					
Property, plant and equipment	361	(95)	266	58	**324**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Unabsorbed capital allowances	**103**	240	**–**	–
Unutilised tax losses	**8,590**	8,418	**7,141**	7,141
	8,693	8,658	**7,141**	7,141

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations including satisfactory outcomes over changes in shareholders and the shareholding test. The tax losses and unabsorbed capital allowances do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

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16 Trade and other payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	**12,250**	8,809	**33**	42
Amount due to subsidiaries:				
– trade	**–**	–	**298**	313
– non-trade	**–**	–	**6,757**	4,118
Deposits received	**1,052**	1,385	**1**	1
Accrued expenses	**4,742**	4,038	**175**	290
Other payables	**923**	786	**62**	87
Financial liabilities	**18,967**	15,018	**7,326**	4,851
GST payable	**277**	333	**7**	13
Deferred revenue	**83**	49	**–**	–
	19,327	15,400	**7,333**	4,864

Outstanding balances due to subsidiaries are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to liquidity risk related to trade and other payables are disclosed in Note 18.

17 Provision

	Restoration
	$'000
Group	
At 1 January 2020	502
Unwind of discount	38
At 31 December 2020	540
At 1 January 2021	**540**
Unwind of discount	**40**
At 31 December 2021	**580**
Non-current	
31 December 2020	540
31 December 2021	**580**

NOTES TO THE FINANCIAL STATEMENTS

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18 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

(i) credit risk
(ii) liquidity risk
(iii) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's Management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their rules and obligations.

The Audit and Risk Committee oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by outsourced Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

(i) Credit risk

Credit risk is the risk of financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's and the Company's receivables from customers and the Company's non-trade amounts due from subsidiaries.

The carrying amounts of financial assets and contract assets represent the Group's and the Company's maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18 Financial instruments (Continued)

Risk management framework (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in Note 27.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information and industry information. Sale limits are established for each customer, which represents the maximum open amount without requiring approval from the Board; these limits are reviewed on an ongoing basis.

Exposure to credit risk

The Group's and Company's exposure to credit risk for trade and other receivables and contract assets is concentrated in Singapore.

The exposure to credit risk for trade and other receivables (excluding prepayments), and contract assets at the reporting date by type of counterparty was as follows:

	2021	**2020**
	$'000	**$'000**
Group		
Commercial	**15,185**	9,040
Trading	**10,257**	10,188
	25,442	19,228
Company		
Commercial	**7,259**	3,919

The carrying amount of the Group's most significant receivable from one customer is $2,315,000 (2020: $2,377,000) as at 31 December 2021. The Company has no other significant concentration of customers' credit risk.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18 Financial instruments (Continued)

Risk management framework (Continued)

(i) Credit risk (Continued)

Expected credit loss assessment for individual customers

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from individual customers, which comprise a very large number of small balances. As the Group's past default experience does not show significantly different loss patterns for different customer segments, the allowance matrix is not further distinguished between the different customer bases.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Loss rates are based on actual credit loss experience over the past five years adjusted for current conditions and the Group's view of economic conditions over the expected lives of the trade receivables only if these factors have a significant impact to the credit loss.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for individual customers.

	Group			
	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
31 December 2021				
Current (not past due)	**0.12**	**14,725**	**(18)**	***No***
1 – 30 days past due	**0.14**	**3,468**	**(5)**	***No***
31 – 60 days past due	**0.33**	**1,211**	**(4)**	***No***
61 – 90 days past due	**1.04**	**651**	**(7)**	***No***
More than 90 days past due	**2.25**	**1,562**	**(726)**	***Yes***
		21,617	**(760)**	
31 December 2020				
Current (not past due)	0.12	9,099	(11)	*No*
1 – 30 days past due	0.15	4,105	(6)	*No*
31 – 60 days past due	0.35	1,195	(4)	*No*
61 – 90 days past due	1.07	422	(5)	*No*
More than 90 days past due	2.32	1,791	(662)	*Yes*
		16,612	(688)	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18 Financial instruments (Continued)

Risk management framework (Continued)

(i) Credit risk (Continued)

Expected credit loss assessment for individual customers (Continued)

Management believe that there is no indication that any macro-economic factor will have a significant direct and immediate impact on the credit quality of the Group's trade receivables and contract assets.

Loss rates for trade receivables due from the Company's subsidiaries has been measured as an amount equal to lifetime expected losses ECL. The ECL on trade receivables are estimated based on past default experiences of the subsidiaries and an analysis of the subsidiaries' economic conditions. The Company has recognised a loss allowance of $2,416,000 (2020: $2,232,000) against trade receivables due from subsidiaries because historical experience has indicated that these receivables are generally not recoverable.

Movements in allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 January	**688**	114	**2,232**	2,035
Impairment loss recognised	**244**	587	**184**	197
Reversal of impairment loss	**(172)**	(5)	**–**	–
Write-off	**–**	(8)	**–**	–
Balance at 31 December	**760**	688	**2,416**	2,232

Sources of estimation uncertainty

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates to be applied for the respective category of the financial assets and contract assets. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation including evaluation of the Group's historical loss rates, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18 Financial instruments (Continued)

Risk management framework (Continued)

(i) Credit risk (Continued)

Non-trade amounts due from subsidiaries

The Company has recognised a loss allowance of $13,194,000 (2020: $12,299,000) on the non-trade amounts due from subsidiaries because historical experience has indicated that these receivables are generally not recoverable. There has been no significant increase in the risk of default on the remaining receivable amounts since initial recognition and the amount of allowance on these remaining receivable amounts was negligible.

Other receivables

Impairment on accrued discount receivables, deposits and other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. Other receivables are considered to have low credit risk as they are not due for payment at the end of reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. The amount of the allowance on other receivables was negligible.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents with bank and financial institution counterparties which are rated A- to AA-, based on rating agency Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

At the reporting date, the Group maintains $9,347,000 (2020: $9,983,000) of uncommitted credit facilities that can be drawn down to meet short-term financing needs.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18 Financial instruments (Continued)

Risk management framework (Continued)

(ii) Liquidity risk (Continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments:

		Contractual undiscounted cash flows			
	Carrying amount $'000	**Total $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**	**More than 5 years $'000**
Group					
31 December 2021					
Non-derivative financial liabilities					
Variable interest rate loans	**1,346**	**(1,611)**	**(272)**	**(462)**	**(877)**
Fixed interest rate loans	**27,612**	**(29,302)**	**(3,128)**	**(13,622)**	**(12,552)**
Bills payable	**2,669**	**(2,696)**	**(2,696)**	**–**	**–**
Lease liabilities	**27,773**	**(31,383)**	**(5,936)**	**(15,902)**	**(9,545)**
Trade and other payables*	**18,967**	**(18,967)**	**(18,967)**	**–**	**–**
	78,367	**(83,959)**	**(30,999)**	**(29,986)**	**(22,974)**
31 December 2020					
Non-derivative financial liabilities					
Variable interest rate loans	601	(683)	(83)	(315)	(285)
Fixed interest rate loans	23,108	(26,487)	(1,886)	(9,802)	(14,799)
Lease liabilities	29,475	(33,608)	(5,183)	(18,797)	(9,628)
Trade and other payables*	15,018	(15,018)	(15,018)	–	–
	68,202	(75,796)	(22,170)	(28,914)	(24,712)

* *Exclude deferred revenue and GST payable*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18 Financial instruments (Continued)

Risk management framework (Continued)

(ii) Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

	Carrying amount $'000	Contractual undiscounted cash flows Total $'000	Within 1 year $'000	Within 2 to 5 years $'000
Company				
31 December 2021				
Non-derivative financial liabilities				
Fixed interest rate loans	**4,598**	**(4,665)**	**(1,302)**	**(3,363)**
Trade and other payables^	**7,326**	**(7,326)**	**(7,326)**	**–**
Intra-group financial guarantees	**–**	**(28,089)**	**(28,089)**	**–**
	11,924	**(40,080)**	**(36,717)**	**(3,363)**
31 December 2020				
Non-derivative financial liabilities				
Fixed interest rate loans	5,000	(5,265)	(601)	(4,664)
Trade and other payables^	4,851	(4,851)	(4,851)	–
Intra-group financial guarantees	–	(20,640)	(20,640)	–
	9,851	(30,756)	(26,092)	(4,664)

^ *Exclude GST payable*

The maturity analysis shows the contractual undiscounted cash flows of the Group's and the Company's financial liabilities on the basis of their earliest possible contractual maturity. Except for the cash flow arising from the intra-group financial guarantees (see Note 29), it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign currencies and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollar ("SGD").

Exposure to foreign currency risk

The Group and the Company are not significantly exposed to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18 Financial instruments (Continued)

Risk management framework (Continued)

(iii) Market risk (Continued)

Interest rate risk

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2021 was indexed to Singapore interbank offered rate ("SIBOR") and London interbank offered rate ("LIBOR").

Management monitors and manages the Group's transition to alternative rates. The Management evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties. No material effect is expected on the future financial statements arising from the interest rate benchmark reform.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to Management, was as follows:

	2021 $'000	2020 $'000
Group		
Fixed rate instruments		
Loans and borrowings	**(58,054)**	(52,583)
Fixed deposits	**12**	12
	(58,042)	(52,571)
Variable rate instruments		
Loans and borrowings	**(1,346)**	(601)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18 Financial instruments (Continued)

Risk management framework (Continued)

(iii) Market risk (Continued)

Exposure to interest rate risk (Continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instrument a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	2021		2020	
	Profit or loss			
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
Profit before tax				
Variable rate instruments	**(13)**	**13**	(6)	6

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves and accumulated losses of the Group. The Board of Directors monitors the return on capital which the Group defines as net operating income divided by total average shareholders' equity attributable to owners of the Company, as well as the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

18 Financial instruments (Continued)

Risk management framework (Continued)

(iii) Market risk (Continued)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
Group	**Note**	**Mandatorily at fair value through profit or loss $'000**	**Financial assets at amortised cost $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2021									
Financial assets measured at fair value									
Other investments	8	1,000	–	–	1,000	–	1,000	–	1,000
Financial assets not measured at fair value									
Trade and other receivables#	10	–	21,045	–	21,045				
Cash and cash equivalents	11	–	11,625	–	11,625				
		–	32,670	–	32,670				
Financial liabilities not measured at fair value									
Variable interest rate loans	14	–	–	1,346	1,346				
Fixed interest rate loans	14	–	–	27,612	27,612	–	26,274	–	26,274
Bills payable	14	–	–	2,669	2,669				
Trade and other payables*	16	–	–	18,967	18,967				
		–	–	50,594	50,594				

\# *Exclude prepayments*
* *Exclude deferred revenue and GST payable*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18 Financial instruments (Continued)

Risk management framework (Continued)

(iii) Market risk (Continued)

Accounting classifications and fair values (Continued)

Group	Note	Carrying amount: Mandatorily at fair value through profit or loss $'000	Carrying amount: Financial assets at amortised cost $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2020									
Financial assets measured at fair value									
Other investments	8	600	–	–	600	–	–	600	600
Financial assets not measured at fair value									
Trade and other receivables#	10	–	18,262	–	18,262				
Cash and cash equivalents	11	–	10,744	–	10,744				
		–	29,006	–	29,006				
Financial liabilities not measured at fair value									
Variable interest rate loans	14	–	–	601	601				
Fixed interest rate loans	14	–	–	23,108	23,108	–	22,613	–	22,613
Trade and other payables*	16	–	–	15,018	15,018				
		–	–	38,727	38,727				

\# *Exclude prepayments*

* *Exclude deferred revenue and GST payable*

18 Financial instruments (Continued)

Risk management framework (Continued)

(iii) Market risk (Continued)

Accounting classifications and fair values (Continued)

		Carrying amount				Fair value			
Company	**Note**	**Mandatorily at fair value through profit or loss $'000**	**Financial assets at amortised cost $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2021									
Financial assets measured at fair value									
Other investments	8	**1,000**	**–**	**–**	**1,000**	**–**	**1,000**	**–**	**1,000**
Financial assets not measured at fair value									
Trade and other receivables#	10	**–**	**7,259**	**–**	**7,259**				
Cash and cash equivalents	11	**–**	**703**	**–**	**703**				
		–	**7,962**	**–**	**7,962**				
Financial liabilities not measured at fair value									
Fixed interest rate loans	14	**–**	**–**	**4,598**	**4,598**	**–**	**4,536**	**–**	**4,536**
Trade and other payables^	16	**–**	**–**	**7,326**	**7,326**				
		–	**–**	**11,924**	**11,924**				
31 December 2020									
Financial assets measured at fair value									
Other investments	8	600	–	–	600	–	–	600	600
Financial assets not measured at fair value									
Trade and other receivables#	10	–	3,919	–	3,919				
Cash and cash equivalents	11	–	2,602	–	2,602				
		–	6,521	–	6,521				
Financial liabilities not measured at fair value									
Fixed interest rate loans	14	–	–	5,000	5,000	–	5,192	–	5,192
Trade and other payables^	16	–	–	4,851	4,851				
		–	–	9,851	9,851				

\# *Exclude prepayments*
^ *Exclude GST payable*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18 Financial instruments (Continued)

Level 3 fair value

The following table shows a reconciliation from the opening balance to the ending balance for Level 3 fair value:

	Unquoted equity investments $'000
Group and Company	
At 1 January 2020	–
Transfer into Level 3	600
At 31 December 2020	600
Fair value loss recognised in profit of loss	(600)
At 31 December 2021	–

19 Measurement of fair values

A number of Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other investments – equity investment at FVTPL

The fair value of equity investment designated at FVTPL is determined based on the latest projected business plans presented by the Management.

Other investments – money market fund at FVTPL

The fair value of money market fund designated at FVTPL is determined by reference to broker quotes.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other non-derivative financial assets and liabilities

The carrying amounts of other non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

20 Revenue

	Group	
	2021	**2020**
	$'000	**$'000**
Revenue from contracts with customers	**142,971**	115,113
Rental income	**4,982**	5,095
	147,953	120,208

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payments terms, and the related revenue recognition policies:

Trading

Nature of goods or services	The Group sells air-conditioning units, spare parts, paints and F&B products.
When revenue is recognised	Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.
Significant payment terms	For air-conditioning units, spare parts and paint, invoices are issued upon delivery of goods. Payment terms range from cash on delivery to 60 days after invoice date. For F&B restaurant business, payment term is cash. For wholesale business, payment terms ranging from cash on delivery to 60 days after invoice date.
Obligations for warranties	Air-conditioning units sold by the Group come with a standard warranty term ranging from one to five years. The warranty is directly covered by the suppliers. Accordingly, the Group has no warranty obligations relating to the air-conditioning units. There is no warranty for paint products and foods and beverages.

Servicing

Nature of goods or services	The Group provides maintenance services such as inspection and cleaning of air-conditioning and ventilation systems to residential and commercial market.
When revenue is recognised	Revenue is recognised when services are provided to the customer and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices are issued upon completion of services. Residential customers are required to make payments in advance of services rendered or cash on delivery. Commercial customers are given a credit term ranging from 30 to 60 days after invoice date.
Obligations for warranties	There is no warranty.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

20 Revenue (Continued)

Installation

Nature of goods or services	The Group provides installation services for commercial air-conditioning systems and mechanical ventilation.
When revenue is recognised	The Group has assessed that these installation services qualify for over time revenue recognition. The Group has the enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract.
Significant payment terms	Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified construction milestones. If the value of the installation services rendered exceeds payments received from the customer, a contract asset is recognised.
Obligations for warranties	The contracts are covered under defect liability period ranging from one to two years.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by revenue streams and timing of revenue recognition.

	Paint and Coatings		Aircon		F&B		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Revenue streams								
Trading	**3,665**	3,138	**88,428**	74,554	**3,562**	3,228	**95,655**	80,920
Installation	**–**	–	**37,184**	24,094	**–**	–	**37,184**	24,094
Servicing	**–**	–	**10,132**	10,099	**–**	–	**10,132**	10,099
	3,665	3,138	**135,744**	108,747	**3,562**	3,228	**142,971**	115,113
Timing of revenue recognition								
Products and services transferred over time	**–**	–	**37,184**	24,094	**–**	–	**37,184**	24,094
Products transferred at a point in time	**3,665**	3,138	**98,560**	84,653	**3,562**	3,228	**105,787**	91,019
	3,665	3,138	**135,744**	108,747	**3,562**	3,228	**142,971**	115,113

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

20 Revenue (Continued)

Contract balances

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

	Note	Group 2021 $'000	Group 2020 $'000
Trade receivables	10	**16,460**	14,958
Contract assets		**4,397**	966
Contract liabilities		**(11,766)**	(12,634)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on installation of air-conditioning systems and mechanical ventilation. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to consideration received from customers exceeding progress of installations and advance considerations received from customers for maintenance services.

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

	Group			
	Contract assets		Contract liabilities	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**–**	–	**8,178**	6,249
Increases due to cash received and progress billings, excluding amounts recognised as revenue during the year	**–**	–	**(7,266)**	(6,294)
Acquisition through business combination	**3,184**	–	**(44)**	–
Transfer from contract assets recognised at the beginning of the year to receivables	**(390)**	(1,121)	**–**	–
Recognition of revenue, net of recognised in receivables	**637**	350	**–**	–

Sources of estimation uncertainty

Revenue recognition on installation are dependent on estimating the total completion cost of the installation contract. Actual total costs may be higher or lower than estimated at the reporting date, which would affect the revenue recognised in future years.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

20 Revenue (Continued)

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

	2022 $'000	2023 $'000	2024 $'000	2025 $'000	Total $'000
Group					
Installation	28,039	15,153	6,704	2,539	52,435
Servicing	498	23	–	–	521

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

The Group's exposure to impairment losses for contract assets is disclosed in Note 18.

21 Other income

	Group	
	2021 $'000	2020 $'000
Gain on disposal of property, plant and equipment	**162**	–
Government grants:		
– Job support scheme	**495**	1,561
– Other government grants	**637**	1,215
Interest income	**3**	17
Rental deposit forfeited	**129**	–
Others	**466**	247
	1,892	3,040

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

22 Other expenses

	Group	
	2021	**2020**
	$'000	**$'000**
Change in fair value of investment in FVTPL	**600**	–
Grant expense	**–**	635
Impairment on goodwill	**103**	–
Impairment on property, plant and equipment	**4,565**	–
Loss on disposal of property, plant and equipment	**–**	16
Net loss on foreign exchange rates	**45**	52
Property, plant and equipment written off	**34**	4
Others	**246**	5
	5,593	712

23 Finance costs

	Group	
	2021	**2020**
	$'000	**$'000**
Interest expenses:		
– Bank loans and bills payable	**549**	504
– Lease liability interest	**590**	517
Unwind of discount on provision	**40**	38
	1,179	1,059

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

24 Tax expense/(credit)

	Group	
	2021	2020
	$'000	$'000
Current tax expense		
Current year	**208**	155
Over provided in prior years	**(52)**	(125)
	156	30
Deferred tax credit		
Origination and reversal of temporary differences	**8**	44
Under/(Over) provided in prior years	**50**	(139)
	58	(95)
Tax expense/(credit)	**214**	(65)
Reconciliation of effective tax rate		
(Loss)/Profit before tax	**(5,696)**	1,049
Tax using Singapore tax rate at 17% (2020: 17%)	**(968)**	178
Effect of tax rates in foreign jurisdictions	**(8)**	(2)
Tax incentives	**(361)**	(271)
Non-taxable income	**(154)**	(404)
Non-deductible expenses	**1,700**	727
Over provided in prior years	**(2)**	(264)
Recognition of tax effect of previously unrecognised tax assets	**–**	(29)
Deferred tax assets not recognised	**7**	–
	214	(65)

25 (Loss)/Profit for the year

The following items have been included in arriving at (loss)/profit for the year:

		Group	
	Note	2021	2020
		$'000	$'000
Amortisation of intangible assets	5	**107**	116
Audit fees paid to:			
– Auditors of the Company		**217**	188
– Other auditors		**48**	42
Non-audit fees paid to auditors of the Company		**23**	26
Depreciation of property, plant and equipment	4	**7,726**	6,469
Bad debts written-off		**61**	124
Staff costs		**18,607**	16,520
Contributions to defined contribution plans, included in staff costs		**1,155**	1,006

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

26 (Losses)/Earnings per share

Basic and diluted (losses)/earnings per share

The calculation of basic and diluted (losses)/earnings per share has been based on loss attributable to ordinary shareholders of $5,663,000 (2020: profit of $1,271,000) and weighted average number of ordinary shares outstanding of 250,448,000 (2020: 250,448,000). The calculated of weighted average number of ordinary shares is as follows:

	2021 '000	2020 '000
Group		
Issued ordinary shares at 1 January and 31 December, representing weighted average number of ordinary shares during the year	**250,448**	250,448

The Group does not have any dilutive potential ordinary shares.

27 Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group CEO and Group COO review internal management reports on at least a quarterly basis. The following summary describes the operations in each Group's reportable segments:

Air-conditioning : trading of air-conditioning units and spare parts, installation services for commercial air-conditioning systems and mechanical ventilation, and maintenance services such as inspection and cleaning of air-conditioning and ventilation systems.

Investment : sub-lease of leased property.

Paint and coatings : manufacturing and distribution of paints and chemicals.

Food and beverages : operator of restaurants, manufacture and wholesale of F&B products.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports review by the Group CEO and Group COO. Segment profit before income tax is used to measure performance as Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

27 Operating segments (Continued)

Information about reportable segments

	Aircon $'000	Investment $'000	Paint and Coatings $'000	F&B $'000	Total $'000
2021					
External revenue	**136,713**	**3,842**	**3,665**	**3,733**	**147,953**
Inter-segment revenue	**5,712**	**526**	**2,484**	**406**	**9,128**
Total revenue of reportable segments	**142,425**	**4,368**	**6,149**	**4,139**	**157,081**
Interest income	**(23)**	**(13)**	**–**	**–**	**(36)**
Finance costs	**689**	**384**	**27**	**28**	**1,128**
Depreciation and amortisation	**2,521**	**4,373**	**241**	**641**	**7,776**
Reportable segment profit/(loss) before tax	**2,068**	**(5,344)**	**134**	**(1,288)**	**(4,430)**
Other material non-cash items:					
Impairment loss on trade receivables and contract assets, including bad debts written-off	**131**	**–**	**2**	**–**	**133**
Impairment loss on goodwill	**–**	**–**	**–**	**103**	**103**
Impairment loss on property, plant and equipment	**–**	**4,293**	**–**	**272**	**4,565**
Reportable segment assets	**91,669**	**13,901**	**3,014**	**5,663**	**114,247**
Capital expenditure	**660**	**192**	**10**	**2,747**	**3,609**
Reportable segment liabilities	**67,752**	**17,700**	**8,118**	**7,915**	**101,485**
2020					
External revenue	109,863	3,979	3,138	3,228	120,208
Inter-segment revenue	7,425	666	1,847	71	10,009
Total revenue of reportable segments	117,288	4,645	4,985	3,299	130,217
Interest income	(35)	(21)	–	–	(56)
Finance costs	786	230	39	15	1,070
Depreciation and amortisation	2,446	3,405	264	420	6,535
Reportable segment profit/(loss) before tax	1,296	(170)	(163)	(470)	493
Other material non-cash item:					
Impairment loss on trade receivables and contract assets, including bad debts written-off	573	101	–	–	674
Reportable segment assets	79,449	22,029	2,630	2,366	106,474
Capital expenditure	779	173	43	20	1,015
Reportable segment liabilities	55,215	21,527	7,876	3,589	88,207

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

27 Operating segments (Continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2021 $'000	2020 $'000
Revenue		
Total revenue for reportable segments	**157,081**	130,217
Elimination of inter-segment revenue	**(9,128)**	(10,009)
Consolidated revenue	**147,953**	120,208
Profit or loss before tax		
Total (loss)/profit before tax for reportable segments	**(4,430)**	493
Unallocated amounts	**(1,310)**	(298)
Elimination of inter-segment profit or loss	**44**	854
Consolidated (loss)/profit before tax	**(5,696)**	1,049
Assets		
Total assets for reportable segments	**114,247**	106,474
Unallocated amounts	**1,996**	3,370
Elimination of inter-segment assets	**(10,784)**	(7,692)
Consolidated total assets	**105,459**	102,152
Liabilities		
Total liabilities for reportable segments	**101,485**	88,207
Unallocated amounts	**4,877**	5,433
Elimination of inter-segment liabilities	**(14,767)**	(11,440)
Consolidated total liabilities	**91,595**	82,200

Reconciliations of reportable segment other material items

	Reportable segment totals $'000	Unallocated amounts $'000	Consolidated totals $'000
2021			
Interest income	**(36)**	**33**	**(3)**
Finance costs	**1,128**	**51**	**1,179**
Depreciation and amortisation	**7,776**	**57**	**7,833**
Impairment loss on trade receivables and contract assets, including bad debts written-off	**133**	**–**	**133**
Impairment loss on goodwill	**103**	**–**	**103**
Impairment loss on property, plant and equipment	**4,565**	**–**	**4,565**
Capital expenditure	**3,609**	**195**	**3,804***
2020			
Interest income	(56)	39	(17)
Finance costs	1,070	(11)	1,059
Depreciation and amortisation	6,535	50	6,585
Impairment loss on trade receivables and contract assets, including bad debts written-off	674	32	706
Capital expenditure	1,015	165	1,180*

* *Exclude right-of-use assets*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

27 Operating segments (Continued)

Geographical information

The Group operates primarily in Singapore. The reportable revenue is primarily generated from Singapore and the segment assets are based in Singapore.

Major customer

Revenue from one customer of the Group's Aircon segment represents approximately $8,399,000 (2020: $6,427,000) of the Group's total revenue.

28 Leases

The Group leases building, warehouse and equipment. The leases typically run for a period ranging from 1 to 30 years, with an option to renew the lease after that date. Lease payments are renegotiated when the contracts end.

One of the leased properties has been sub-let by the Group. The lease expires in 2025 and the sub-lease expires within one to three years depending on the contracts with the tenants.

The Group leases equipment with contract terms of one to two years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Amounts recognised in profit or loss

	Group	
	2021	**2020**
	$'000	**$'000**
Interest on lease liabilities	**590**	517
Income from sub-leasing right-of-use assets presented in revenue	**4,012**	3,979
Expenses relating to short-term leases	**415**	498

Amounts recognised in statement of cash flows

	2021	**2020**
	$'000	**$'000**
Total cash outflow for leases	**5,294**	7,283

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

28 Leases (Continued)

Extension options

Some property leases contain extension options exercisable by the Group up to thirty years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Leases as lessor

Operating lease

The Group leases out its leasehold properties and its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2021 was $4,982,000 (2020: $5,095,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2021	**2020**
	$'000	**$'000**
Less than one year	**2,966**	3,655
One to two years	**753**	1,238
Two to three years	**243**	7
	3,962	4,900

29 Contingencies

	Company	
	2021	**2020**
	$'000	**$'000**
Corporate guarantees		
Banking facilities for subsidiaries	**37,657**	30,623
Amounts utilised	**(28,310)**	(20,640)

At the reporting date, the Company has issued guarantees to banks in respect of bank facilities granted to its subsidiaries. These intra-group financial guarantees, as disclosed above, will expire when the loans have been paid and discharged and/or when the banking facilities are no longer available to the subsidiaries, delivery of contracts with customers and suppliers. These financial guarantee contracts are accounted for as insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

29 Contingencies (Continued)

The principal risk to which the Company is exposed is the credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the subsidiaries to which the guarantees were given on behalf of.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees are eliminated in preparing the consolidated financial statements.

Estimates of the Company's obligation arising from the financial guarantee contracts may be affected by future events, which cannot be predicted with certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of balance sheet date, there is no provision made in respect of the obligations as the Company believes it is remote that these corporate guarantees will be called upon.

Continuing financial support

The Company has given formal undertakings, which are unsecured, to provide financial support to its subsidiaries. As at 31 December 2021, the net liabilities of these subsidiaries amount to approximately $25,521,000 (2020: $18,186,000).

30 Related parties

Key management personnel compensation

Key management personnel of the Group and the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The Directors and senior management of the Group and the Company are considered as key management personnel.

Key management personnel compensation comprised:

	Group	
	2021	**2020**
	$'000	**$'000**
Short-term employee benefits	**2,230**	2,345
Post-employment benefits (including CPF)	**102**	107
	2,332	2,452

Included in the above is the total compensation to Directors of the Company which amount to $1,160,000 (2020: $1,288,000).

31 Acquisition of business

On 28 December 2021, the Group acquired 51% of the issued share capital in Nam Fang Co Pte Ltd. ("NFC") for cash consideration of $473,000.

As the acquisition was completed close to the financial year end, NFC did not contribute any revenue nor profit or loss to the Group's results. If the acquisition had occurred on 1 January 2021, Management estimates that consolidated revenue would have been $155,416,000 and consolidated loss for the year would have been $5,790,000. In determining these amounts, Management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

Acquisition-related costs

The Group incurred acquisition related costs of $45,000 on legal fees. These costs have been included in 'administrative expenses' in profit or loss.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	**$'000**
Property, plant and equipment	4	315
Investment property	6	950
Cash and cash equivalents		157
Trade and other receivables		858
Contract assets		3,184
Trade and other payables		(3,183)
Contract liabilities		(44)
Loans and borrowings		(1,848)
Current tax liabilities		(21)
Total identifiable net assets		368

The effects on the cash flows of the Group, at the acquisition date, are as follows:

	$'000
Cash paid	(473)
Less: cash and cash equivalents in subsidiary acquired	157
	(316)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

31 Acquisition of business (Continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired are as follows:

Asset required	Valuation technique
Property, plant and equipment Investment property	*Comparable sales (market comparison approach):* The market comparison approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or group of assets and liabilities, such as a business.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration transferred in cash	473
51% share of fair value of identifiable net assets	(188)
Provisional goodwill	285

The acquisition transaction gave rise to a provisional goodwill of $285,000 based on total consideration paid over the fair value of net assets acquired. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised. The goodwill is attributable mainly to the synergies expected to be achieved from integrating NFC into the Group's existing air-conditioning installation business.

32 Subsequent event

(i) Acquisition of subsidiary

On 25 January 2022, the Company has incorporated a wholly-owned subsidiary, Futura Innovation Pte. Ltd. to acquire 51% of the issued share capital in iFocus Pte Ltd ("iFocus") on 27 January 2022 for a consideration of $3,060,000. iFocus is a communications product development and engineering company with experience in developing train-borne communications systems, estate monitoring systems and internet of things application design and manufacturing. The acquisition is in line with the Group's strategy to (i) integrate the use of technology in its operations and pivot away from the traditional form involving labour intensive services towards a business form with a greater focus on engineering and technology; (ii) allow the Group to enter into the green and sustainable technology market; (iii) increase the Group's revenue base and profile of customers; and (iv) offer additional solutions to the Group's customers.

(ii) Dividends

On 28 February 2022, the Directors proposed first and final dividend of 0.14 Singapore cents per ordinary share (one-tier tax exempt) in respect of financial year ended 31 December 2021. The proposed first and final dividend amounting to $351,000 has not been recognised as at year end and is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

SHAREHOLDING STATISTICS

AS AT 18 MARCH 2022

CLASS OF SHARES
Ordinary Shares

NUMBER OF SHARES
250,447,985

NUMBER OF ORDINARY SHARHOLDERS
The number of ordinary shareholders as at 18 March 2022 is 1,035

VOTING RIGHTS
1 vote for each Ordinary Share held

TREASURY SHARES
Nil

SUBSIDIARY HOLDINGS
Nil

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information provided and to the best knowledge of the Directors, approximately 44.80% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company are held in the hands of the public as at 18 March 2022. Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has therefore been complied with.

ANALYSIS OF SHAREHOLDINGS BY RANGE AS AT 18 MARCH 2022

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 – 99	90	8.69	1,261	0.00
100 – 1,000	433	41.84	253,099	0.10
1,001 – 10,000	151	14.59	976,702	0.39
10,001 – 1,000,000	337	32.56	35,678,514	14.25
1,000,001 AND ABOVE	24	2.32	213,538,409	85.26
Total	1,035	100.00	250,447,985	100.00

SHAREHOLDING STATISTICS

AS AT 18 MARCH 2022

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2022

Substantial Shareholder	Shareholdings registered in the name of the substantial shareholder (Direct interest)	Shareholdings in which the substantial shareholder are deemed to be interested (Deemed interest)	Total	Percentage of issued shares
Tsng Joo Peng	17,348,426	–	17,348,426	6.93%
Wong Leon Keat[1]	–	23,200,000	23,200,000	9.26%
Ong Mun Wah	27,523,000	–	27,523,000	10.99%
Ng Quek Peng	27,000,000	–	27,000,000	10.78%
Khwaja Asif Rahman[2]	10,000,000	27,100,000	37,100,000	14.81%
Chrysses Engineering Singapore Pte. Ltd.[2]	27,100,000	–	27,100,000	10.82%
Chrysses Holdings Pte. Ltd.[2]	–	27,100,000	27,100,000	10.82%

Notes:

(1) Mr Wong Leon Keat is deemed interested in the 23,200,000 shares held by him and his spouse, Mdm Edi Ng in United Overseas Bank Nominees (Private) Limited.

(2) Chrysses Engineering Singapore Pte. Ltd. is wholly-owned by Chrysses Holdings Pte. Ltd. which in turn is wholly-owned by Khwaja Asif Rahman. By virtue of Section 4 of the Securities and Futures Act (Cap. 289), Chrysses Holdings Pte. Ltd. and Khwaja Asif Rahman are deemed interested in the 27,100,000 shares held by Chrysses Engineering Singapore Pte. Ltd..

TOP 20 SHAREHOLDERS AS AT 18 MARCH 2022

NO.	NAME	NO. OF SHARES HELD	%
1	UNITED OVERSEAS BANK NOMINEES PTE LTD	28,451,985	11.36
2	ONG MUN WAH	27,523,000	10.99
3	CHRYSSES ENGINEERING SINGAPORE PTE. LTD.	27,100,000	10.82
4	NG QUEK PENG	27,000,000	10.78
5	TSNG JOO PENG	17,348,426	6.93
6	DBS NOMINEES PTE LTD	16,151,640	6.45
7	KHWAJA ASIF RAHMAN	10,000,000	3.99
8	CHIA PUAY HWEE	9,261,300	3.70
9	CITIBANK NOMINEES SINGAPORE PTE LTD	7,746,100	3.09
10	VINCENT TAY WEI SIONG (ZHENG WEIXIONG)	6,012,800	2.40
11	RAFFLES NOMINEES (PTE) LIMITED	5,496,877	2.19
12	ANG JUI KHOON	5,149,400	2.06
13	TAN AIK KWONG	4,525,500	1.81
14	ONG CHING SHYAN ESTHER	2,479,000	0.99
15	TAN LIH LIH	2,440,000	0.97
16	CHUA KENG HWEE	2,300,000	0.92
17	TAN MEOW NOI	2,297,861	0.92
18	TAN ONG HUAT	2,095,900	0.84
19	MAYBANK SECURITIES PTE. LTD.	2,054,620	0.82
20	HONG BOON YOON	1,800,000	0.72
	Total:	207,234,409	82.75

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be convened and held by way of electronic means on Thursday, 28 April 2022 at 10.00 a.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021 and the Independent Auditor's Report thereon. **[Resolution 1]**

2. To declare a first and final tax exempt (one-tier) dividend of 0.14 Singapore cents per ordinary share for the financial year ended 31 December 2021. **[Resolution 2]**

3. To re-elect Mr Tan Siew Bin Ronnie who is retiring by rotation pursuant to Regulation 89 of the Company's Constitution as Director of the Company. **[Resolution 3]**
[See Explanatory Note (a)]

4. To re-elect Mr Goh Teck Sia who is retiring by rotation pursuant to Regulation 90 of the Company's Constitution as Director of the Company. **[Resolution 4]**
[See Explanatory Note (b)]

5. To re-elect Mr Choy Bing Choong who is retiring by rotation pursuant to Regulation 90 of the Company's Constitution as Director of the Company. **[Resolution 5]**
[See Explanatory Note (c)]

6. To approve Directors' fees of S$165,000 for the financial year ending 31 December 2022 to be paid quarterly in arrears. (2021: S$156,814) **[Resolution 6]**

7. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 7]**

8. To transact any other business that may be transacted at an AGM.

Special Business

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

General mandate to allot and issue new shares

9. "That pursuant to Section 161 of the Companies Act 1967 (the "**Act**") and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Constitution of the Company, 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) warrants, debentures or other instruments convertible or exchangeable 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

NOTICE OF ANNUAL GENERAL MEETING

(B) (notwithstanding 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 was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100 per cent of the total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro-rata basis, then the aggregate number of Shares to be issued under such circumstances (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments 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:

(a) the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of this Resolution is passed, after adjusting for:

(aa) new Shares arising from the conversion or exercise of convertible securities;

(bb) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(cc) any subsequent bonus issue, consolidation or subdivision of Shares;

(b) any adjustments made in accordance with sub-paragraphs (2)(a)(aa) or (2)(a)(bb) 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 listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution 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 of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier." **[Resolution 8]**
[See Explanatory Note (d)]

NOTICE OF ANNUAL GENERAL MEETING

General mandate to issue shares under the Natural Cool Employee Share Option Scheme 2017

10. "That pursuant to Section 161 of the Act, the Directors of the Company be authorised and empowered to grant options in accordance with the provisions of the Natural Cool Employee Share Option Scheme 2017 ("**Scheme**") 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 the options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that:

    (i) the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and

    (ii) unless revoked or varied by the Company in a general meeting, such authority shall continue in force 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, whichever is earlier." **[Resolution 9]**
    [See Explanatory Note (e)]

General mandate to issue shares under the Natural Cool Performance Share Plan 2019

11. "That pursuant to Section 161 of the Act, the Directors of the Company be authorised and empowered to grant awards in accordance with the Natural Cool Performance Share Plan 2019 ("**Performance Share Plan**") and allot and issue from time to time such number of Shares in the capital of the Company to the holders of awards granted by the Company under the Performance Share Plan established by the Company upon the vesting of such share awards in accordance with the terms and conditions of the Performance Share Plan, provided always that the aggregate number of Shares issued and/or issuable pursuant to the Scheme, the Performance Share Plan and any other share based incentive schemes of the Company shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusions of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier." **[Resolution 10]**
    [See Explanatory Note (f)]

By Order of the Board

Teng Gek Chui
Company Secretary
6 April 2022

Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) Mr Tan Siew Bin Ronnie ("Mr Tan"), if re-elected, will remain as the Independent Non-Executive Director of the Company and a member of the Audit and Risk Committee and Remuneration Committee and will also continue to remain as the Chairman of the Nominating Committee. Mr Tan will be considered as an Independent Director of the Company for the purposes of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, further information of Mr Tan is set out on pages 69 to 79 of the Company's Annual Report.

(b) Mr Goh Teck Sia ("Mr Goh"), if re-elected, will remain as the Independent Non-Executive Director and Chairman of the Company and a member of the Audit and Risk Committee and Nominating Committee and will also continue to remain as the Chairman of the Remuneration Committee. Mr Goh will be considered as an Independent Director of the Company for the purposes of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, further information of Mr Goh is set out on pages 69 to 79 of the Company's Annual Report.

(c) Mr Choy Bing Choong ("Mr Choy"), if re-elected, will remain as the Executive Director of the Company. Pursuant to Rule 720(5) of the Catalist Rules, further information of Mr Choy is set out on pages 69 to 79 of the Company's Annual Report.

(d) The ordinary resolution 8 set out in item 9 above, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM is required by law to be held or such authority is revoked or varied by the Company in general meeting, whichever is earlier, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments up to an aggregate number not exceeding 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company, with a sub-limit of 50% for issues other than on a pro-rata basis. For determining the aggregate number of Shares that may be issued the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of this ordinary resolution 8 above is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, share options or vesting of share awards which are outstanding or subsisting at the time this ordinary resolution 8 above is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(e) The ordinary resolution 9 set out in item 10 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 revoked or varied by the Company in a general meeting, whichever is earlier, to issue from time to time such number of fully-paid Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted under the Scheme. The aggregate number of shares which may be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(f) The ordinary resolution 10 set out in item 11 above, if passed, will empower the Directors of the Company, to allot and issue such number of fully-paid Shares upon the vesting of such awards in accordance with the provisions of the Performance Share Plan.

Notes:

1. The AGM is being convened, and will be held, by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Accordingly, this Notice will be sent to members by electronic means via publication on the Company's website at the URL http://investor.natcool.com/latest_news.html and is also made available on the SGX's website at the URL https://www.sgx.com/securities/company-announcements. **Printed copies of this Notice will not be sent to members by post.**

2. Alternative arrangements relating to (i) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live webcast); (ii) submission of questions in advance of the AGM to the Chairman of the Meeting, addressing of substantial and relevant questions prior to the AGM; and (iii) voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 6 April 2022.

3. Members who wish to observe and/or listen to the AGM proceedings through the live audio-visual webcast or live audio-only stream must pre-register with the Company at the URL https://tinyurl.com/natcoolAGMwebcast by 10.00 a.m. on 25 April 2022 to enable the verification of members' status.

   Following the verification, authenticated members will receive a confirmation email, which contain details to access the live audio-visual webcast or live audio-only stream of the AGM proceedings. Members who do not receive a confirmation email by 10.00 a.m. on 26 April 2022, but have registered by the 25 April 2022 deadline, should contact the Company's Investor Relations team at +65 6593 1100 before 10.00 a.m. on 27 April 2022 for assistance.

4. Members may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM, to the Company's Investor Relations team via email at AGM@natcool.com by 10.00 a.m. on 19 April 2022. The Company will endeavour to address such substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the SGX's and Company's website by 10.00 a.m. on 22 April 2022. After the cut-off time for the submission of questions, if there are substantial and relevant questions received, the Board may address them at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

5. **Due to the current Covid-19 situation and the related elevated safe distancing measures in Singapore, a member 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 vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**

   The accompanying proxy form for the AGM may be downloaded from the Company's website at the URL http://investor.natcool.com/latest_news.html, and from the SGX website at the URL https://www.sgx.com/securities/company-announcements. **Printed copies of the Annual Report 2021, Notice of AGM and proxy form will not be sent to shareholders.**

6. 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.

7. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days (19 April 2022) before the AGM.

8. The Chairman of the Meeting, as proxy, need not be a member of the Company.

9. Members must submit the completed proxy form in the following manner:

   (a) if submitted by post, be deposited at the Company's Registered Office at 29 Tai Seng Avenue, #07-01 Natural Cool Lifestyle Hub, Singapore 534119; or

   (b) if submitted electronically, be submitted via email to AGM@natcool.com,

   in each case, by **10.00 a.m. on 25 April 2022**. Any incomplete proxy forms will be rejected by the Company.

   Members who wish to submit the proxy form by post or via email, must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current Covid-19 situation, members are strongly encouraged to submit completed proxy form electronically via email.**

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) 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.

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Register of Transfer and the Register of Members of the Company will be closed on 10 May 2022 for the purpose of determining members' entitlement to the first and final ordinary dividend (one-tier tax exempt) of 0.14 Singapore cents per ordinary share (the "Dividend") for the financial year ended 31 December 2021.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, up to 5.00 p.m. on 10 May 2022 will be registered to determine shareholders' entitlements to the Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares at 5.00 p.m. on 10 May 2022 will be entitled to the Dividend.

The Dividend, if approved by the members at the Company's AGM to be held on 28 April 2022, will be paid on 20 May 2022.

NATURAL COOL HOLDINGS LIMITED
(Company Registration No. 200509967G)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:

1. The Annual General Meeting 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. The Notice of Annual General Meeting will accordingly be sent to members by electronic means via publication on the Company's website at the URL http://investor.natcool.com/latest_news.html and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 6 April 2022 entitled "Information on Annual General Meeting to be held on 28 April 2022" which has been uploaded together with the Notice of Annual General Meeting dated 6 April 2022 on SGXNet on the same day. This announcement may also be accessed at the URL http://investor.natcool.com/latest_news.html.
3. **Due to the current Covid-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Annual General Meeting.** In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in this proxy form, failing which the appointment will be treated as invalid.
4. CPF and SRS Investors who wish to appoint the Chairman of the Meeting as their proxy should approach their respective CPF and/or SRS Approved Nominees to submit their votes at least seven (7) working days (19 April 2022) before the Annual General Meeting.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2022.
6. **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 Annual General Meeting.**

I/We* ______________________________ NRIC/Passport/Co. Registration No.* ____________________

of ____

being a member/members* of NATURAL COOL HOLDINGS LIMITED (the "Company") hereby appoint the Chairman of the Meeting, as my/our* proxy to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held by way of electronic means on Thursday, **28 April 2022 at 10.00 a.m.** and at any adjournment thereof.

No.	ORDINARY RESOLUTIONS Ordinary Business:	For	Against	Abstain
1	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 December 2021			
2	Declaration of a first and final tax exempt (one-tier) dividend of 0.14 Singapore cents per ordinary share for the financial year ended 31 December 2021			
3	Re-election of Mr Tan Siew Bin Ronnie as Director pursuant to Regulation 89 of the Company's Constitution as Director of the Company			
4	Re-election of Mr Goh Teck Sia as Director pursuant to Regulation 90 of the Company's Constitution as Director of the Company			
5	Re-election of Mr Choy Bing Choong as Director pursuant to Regulation 90 of the Company's Constitution as Director of the Company			
6	Approval of Directors' fees amounting to S$165,000 for the financial year ending 31 December 2022 to be paid quarterly in arrears			
7	Re-appointment of Messrs KPMG LLP as auditors			
	Special Business:			
8	Authority to allot and issue new shares pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual (Section B: Rules of Catalist)			
9	Authority to allot and issue shares under the Natural Cool Employee Share Option Scheme			
10	Authority to allot and issue shares under the Natural Cool Performance Share Plan			

Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to exercise all your votes "FOR" or "AGAINST" the relevant resolution, please indicate with a tick [√] in the "FOR" or "AGAINST" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares "FOR" or "AGAINST" in the "FOR" or "AGAINST" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting from a resolution, please indicate with a tick [√] in the "ABSTAIN" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares "ABSTAIN" in the "ABSTAIN" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this __________ day of ________________ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. 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, Chapter 289 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 form of proxy shall be deemed to relate to all the shares held by you.
2. **Due to the current Covid-19 situation in Singapore, a member 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 vote on their behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days (19 April 2022) before the AGM.
4. The Chairman of the Meeting, as proxy, need not be a Member of the Company.

First fold

Affix
Postage
Stamp

NATURAL COOL HOLDINGS LIMITED
29 Tai Seng Avenue
#07-01 Natural Cool Lifestyle Hub
Singapore 534119

Second fold

5. Members must submit the completed proxy form in the following manner:

   (a) if submitted by post, be deposited at the Company's Registered Office at 29 Tai Seng Avenue, #07-01 Natural Cool Lifestyle Hub, Singapore 534119; or

   (b) if submitted electronically, be submitted via email to AGM@natcool.com,

   in each case, by **10.00 a.m. on 25 April 2022**. Any incomplete proxy forms will be rejected by the Company.

   Members who wish to submit the proxy form by post or via email, must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current Covid-19 situation, members are strongly encouraged to submit completed proxy form electronically via email.**
6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing or, where it is executed by a corporation, be executed either under its seal or under the hand of an officer or attorney duly authorised.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2022.

GENERAL

The Company shall be entitled to reject the instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instruments contained in the instrument. The Company may also reject any instrument of proxy or proxies where the appointor is not shown to have shares in the Company entered against his/her name in the Depository Register at least seventy-two (72) hours before the time appointed for holding the Meeting, as certified by the Central Depository (Pte) Limited to the Company.

Third fold

Apply glue here

Natural Cool Holdings Limited
Company Registration No.: 200509967G

29 Tai Seng Avenue #07-01
Natural Cool Lifestyle Hub Singapore 534119
Tel: (65) 6454 5775 | Fax: (65) 6454 6776
http://naturalcool.listedcompany.com