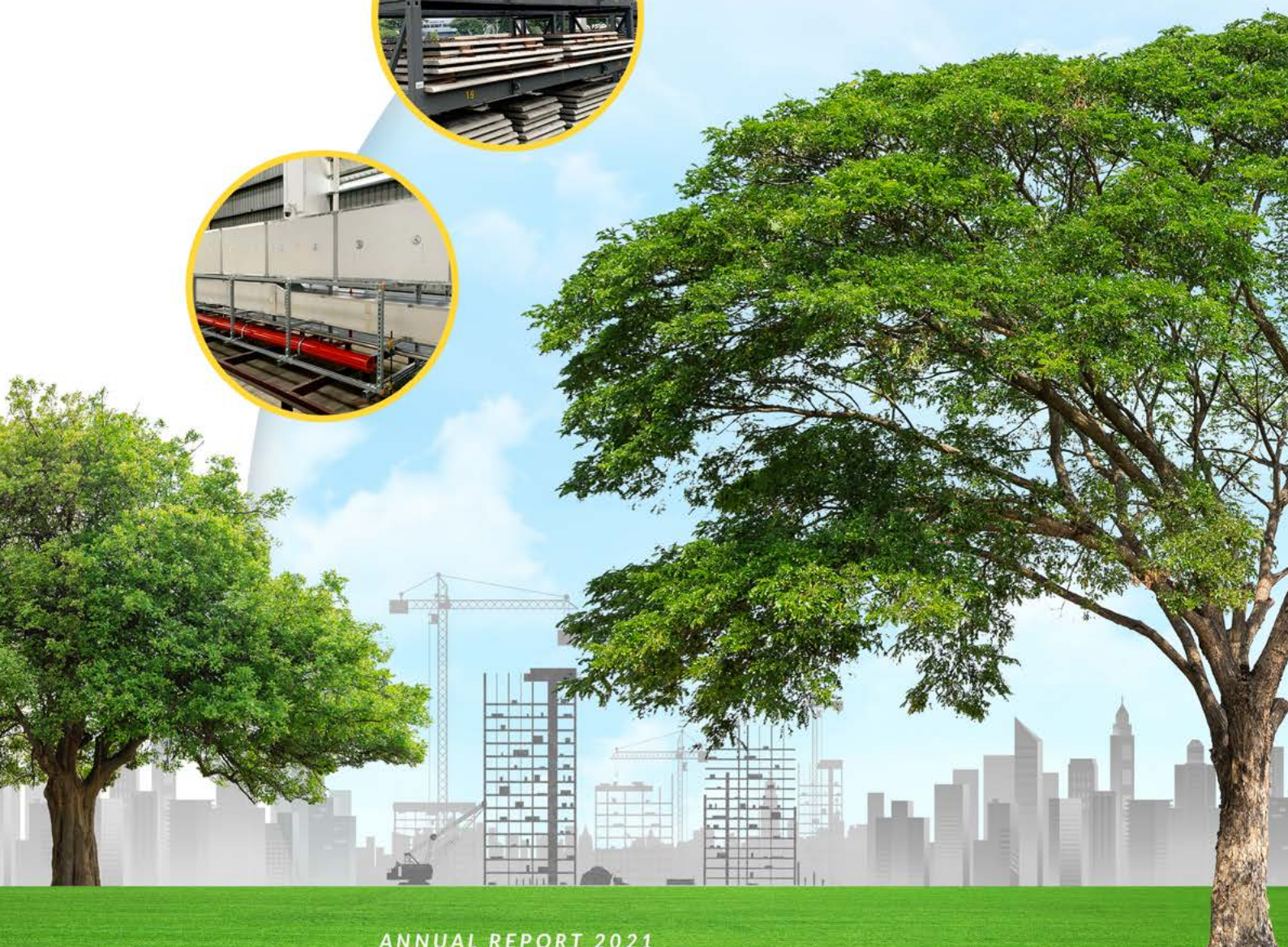




**SoilBuild**  
CONSTRUCTION GROUP LTD



ANNUAL REPORT 2021

# Staying Steadfast **Adapting Capability**

# Staying Steadfast. Adapting Capability.

## CORPORATE REVIEW

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# Corporate Profile

## VISION

To be the preferred multi-disciplinary construction company first in Asia Pacific, then global.

## MISSION

To deliver optimal construction and management solutions to our partners and customers, and to enhance shareholder value.

Soilbuild Construction Group Ltd. (the "Group" or "Soilbuild") is a leading builder with a long and successful track record of constructing a sterling award-winning portfolio of residential and business space properties. Since its inception in 1976, Soilbuild charts over 40 years of success in offering a full spectrum of real estate services which includes Design and Build, Construction, Turnkey Construction, Project Management Consultancy, Procurement, Mechanical & Electrical Installation and Precast and Prefabrication Solutions.

### Construction Business

Soil-Build (Pte.) Ltd. and SB Procurement Pte. Ltd., both wholly-owned subsidiaries of the Group, are A1-graded under CW01 (General Building) by the Singapore's Building and Construction Authority (BCA), which allow us to tender for public sector projects in Singapore of unlimited contract value. In addition, Soil-Build (Pte.) Ltd. is also A2-graded under CW02 (Civil Engineering) by BCA which allows us to tender for public sector civil engineering projects with contract value of up to S\$85.0 million.

Our track record in public sector projects puts us in good stead as we compete in future tenders by the local public agencies including the Housing and Development Board ("HDB") and Land Transport Authority ("LTA"). Projects in which we acted as the main contractor, have achieved building excellence in winning HDB Construction Award and several architectural and environment awards over the years.

Since 2012, the Group expanded our construction business into Myanmar. As of to-date, there are two on-going projects in Myanmar with aggregate order books amounted to approximately S\$43.0million.

### Precast and Prefabrication

In 2015, the Group was awarded the concept and price tender for the development of an Integrated Construction and Precast Hub ("ICPH"). In the ICPH, highly automated manufacturing processes have been adopted to offer precast and prefabrication solutions to the built environment sector.

In line with the Industrial Transformation Maps for construction sector launched by Singapore government, where adoption of DfMA in the built environment is the key element, the Group has initiated its expansion plans for its manufacturing facilities located in Johor, Malaysia in 2019. With the completion of the facilities expansion in the first half of 2021, the Group is well poised to capture the market share for the precast concrete sector. Based on a press release by the Building and Construction Authority (BCA) on 26 January 2022, demand for precast concrete is projected to rise to between 1.6 million and 1.8 million cubic metres, up from 1.1 million cubic metres in 2021.

As at 31 December 2021, our order books amounted to approximately S\$365.8 million, which comprise S\$309.2 million of construction projects (of which S\$266.2 million are for projects in Singapore and S\$43.0 million are for projects in Myanmar) and S\$56.6 million of precast and prefabricated supply contracts.



# Navigating Changes **Developing Solutions**

# Chairman's Statement



We will gradually extend our digitalisation capabilities to cover more construction processes, with an eventual goal of adopting digitalised best practices as part of our Standard Operating Procedures across both our internal and external processes.

On behalf of the Board of Directors, I present the annual report of Soilbuild Construction Group Ltd. (the "Group") for the financial year ended 31 December 2021 ("FY2021").

#### **OUTLOOK FOR CONSTRUCTION SECTOR**

Based on a press release by the Ministry of Trade and Industry Singapore on 17 February 2022, the Singapore economy expanded by 7.6 per cent in 2021 and the GDP is forecasted to grow 3.0 per cent to 5.0 per cent in 2022. Activities in the construction sector is projected to continue to recover on the back of progressive easing of border restrictions on the entry of migrant workers from South Asia. Nonetheless, as it will take time to fully address the shortfall in labour required to meet business needs, labour shortages are likely to persist and weigh on the recovery of the construction sector. The output of the construction sector is expected to remain below pre-pandemic levels throughout 2022.

# Chairman's Statement

Based on a press release by the Building and Construction Authority (BCA) on 26 January 2022, total construction demand in 2022 is expected to range between S\$27.0 billion and S\$32.0 billion. Approximately 60 per cent of the total construction demand, contributing between S\$16.0 billion and S\$19.0 billion, will likely be from the public sector, amid a strong pipeline of public housing projects, healthcare developments and infrastructure works. Meanwhile, construction demand from the private sector is expected to reach between S\$11.0 billion and S\$13.0 billion in 2022, which is comparable with the volume in 2021.

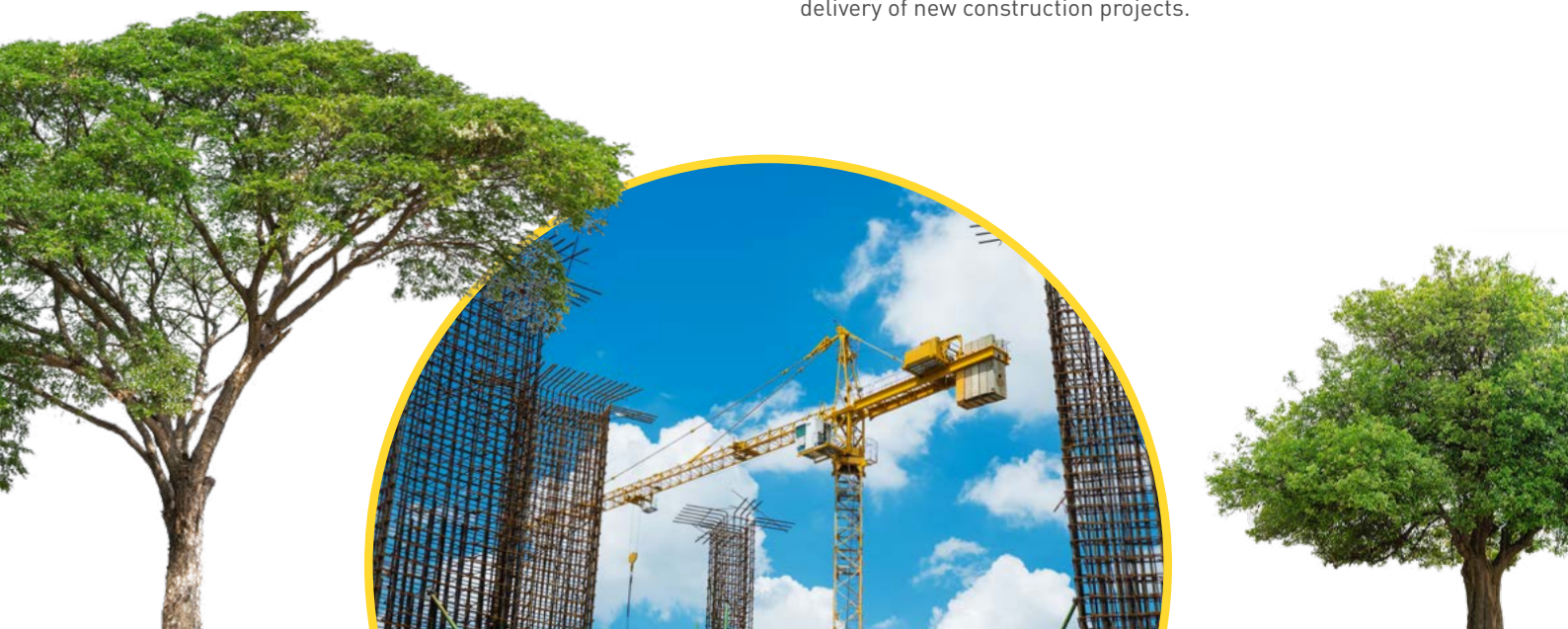
For 2023 to 2026, BCA expects the construction sector's prospects to be "bright" and that average demand from 2023 to 2026 should be between S\$25.0 billion and S\$32.0 billion per year.

The above projections by the authorities, along with the gradual recovery of the construction sector, will underpin the Group's growth impetus even as we remain committed to our core business and competencies throughout the period.

## CONTINUING INDUSTRY TRANSFORMATION EFFORTS WITH DIGITALISATION AND AUTOMATION

As a continuing and deliberate effort by the government regulators to encourage and proliferate Design for Manufacture and Assembly (DfMA) methods, which includes Prefabricated Pre-finished Volumetric Construction (PPVC) and Advanced Precast Concrete System (APCS) for the construction industry, we will continue to support the envisioned building technology growth by continuously enhancing our capabilities to offer comprehensive and innovative DfMA solutions to the sector through our Soilbuild Prefab Innovation Hub. It is currently one of the four Integrated Construction and Prefabrication Hubs (ICPH), which is equipped with highly automated machineries.

We have developed our own building methodology for Prefabricated Bathroom Units (PBU), PPVC and Prefabricated Mechanical, Electrical and Plumbing (MEP) modules. We have been awarded the provisional certificates for the PBU Manufacturer Accreditation Scheme (MAS) and Prefabricated Mechanical, Electrical and Plumbing (MEP) Manufacturer. We have been supplying PBU and PPVC for developments since March 2020. We believe that our continued investments into new building technologies to support improved productivity for construction projects will strengthen our competitive edge in the tender and delivery of new construction projects.



According to BCA's estimates, there will be 109 projects in the next 2 years using DfMA technology with the APCS being the most widely used in residential, healthcare and school projects. Demand for precast concrete is projected to rise between 1.6 million and 1.8 million cubic metres in 2022. The completion of the expansion of our Malaysia plant in the first half of 2021 has placed us in a position of strength to compete to supply the growing demand for precast and prefabricated products in the Singapore market.

Other than our investment in prefabrication facilities, the Group had also initiated a roadmap for the digitalization of building processes since 2018. To-date, we have implemented Integrated Digital Delivery (IDD) processes for two of our projects which covers the different construction phases including Design, Manufacturing and Construction, as a pilot run. Building Information Modelling (BIM) is the spine onto which other digital processes such as Virtual Design and Construction (VDC) is anchored. BIM & VDC are proving to be a necessity for sustainable project execution. It is increasingly used for mechanical and electrical combined services clash detection checks, regulatory compliance checking and to also ensure effective and accurate communication of construction drawings throughout all the construction phases.

Our IDD roadmap and initiatives will train our project teams to connect and integrate the different stakeholders in the project, which includes the developer, consultants, main contractor and the various tiers of subcontractors and prefabricated components suppliers. We will gradually extend our digitalisation capabilities to cover more construction processes, with an eventual goal of adopting digitalised best practices as part of our Standard Operating Procedures across both our internal and external processes.

We will continue to accelerate our adoption of DfMA methods and digitisation strategies to improve our capabilities in delivering improved building productivity in the face of the challenges arising from a tight labour supply and increasing operating costs.

## REVIEW OF FINANCIAL PERFORMANCE

The Group reported a higher revenue of S\$258.3 million and a gross profit of S\$4.9 million for FY2021, compared to a revenue of S\$148.9 million and a gross loss of S\$24.3 million for FY2020.

For FY2021, the Group reported a net loss of approximately S\$2.6 million compared to net loss of approximately S\$28.7 million for FY2020.

## THE GROUP'S ORDER BOOK

In FY2021, the Group secured two new construction contracts in Singapore with an aggregate value of S\$63.3 million. Meanwhile, the Group's precast and prefabrication business secured twelve contracts with an aggregate value of S\$35.0 million to supply and delivery various precast and prefabrication building component products.

As at 31 December 2021, the Group's order book stood at S\$365.8 million which comprise S\$309.2 million of construction projects and S\$56.6 million of prefabrication and precast supply contracts.

## RETIREMENT OF INDEPENDENT DIRECTOR

Mr Tan Jee Ming, one of our independent director, will be retiring as a Director of the Group with effect from 30 April 2022. On behalf of the Board of Directors, I would like to thank him for his dedicated services for the past 9 years.

## APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to our management and staff for their perseverance, and our business partners, customers and shareholders for their continuous support and belief in us.

Lim Chap Huat  
Executive Chairman

25 March 2022

# Five-Year Financial Highlights

BREAKDOWN OF REVENUE	FY2017		FY2018		FY2019		FY2020		FY2021	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Business Space Projects	100,459	50.3	137,385	65.9	169,956	71.7	71,843	48.2	161,172	62.4
Residential Projects	90,167	45.2	62,959	30.2	62,429	26.4	69,452	46.6	72,082	27.9
Civil Engineering Projects	8,930	4.5	8,203	3.9	3,502	1.5	933	0.6	3,030	1.2
Prefabricated and Precast Supply	-	-	-	-	863	0.4	6,636	4.5	21,356	8.3
Project Management	50	-	37	-	14	0	73	0.1	640	0.2
Total	199,606	100.0	208,584	100.0	236,764	100.0	148,937	100.0	258,280	100.0
Related Party Projects <sup>(1)</sup>	19,634	9.8	86,003	41.2	117,655	49.7	73,488	49.3	159,999	61.9
External Projects <sup>(2)</sup>	179,972	90.2	122,581	58.8	119,109	50.3	75,449	50.7	98,281	38.1
Total	199,606	100.0	208,584	100.0	236,764	100.0	148,937	100.0	258,280	100.0

FINANCIAL RESULTS	FY2017	FY2018	FY2019	FY2020	FY2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	199,606	208,584	236,764	148,937	258,280
Gross profit/(loss)	236	6,608	5,121	(24,278)	4,854
Loss before income tax	(7,595)	(2,411)	(8,413)	(29,513)	(3,262)
Loss after income tax	(5,974)	(3,282)	(9,140)	(28,669)	(2,627)
Comprehensive loss attributable to shareholders	(6,379)	(3,026)	(9,152)	(28,918)	(2,530)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	(4,051)	2,946	1,655	(17,563)	10,380

STATEMENT OF FINANCIAL POSITION	FY2017	FY2018	FY2019	FY2020	FY2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	54,360	101,891	133,210	141,006	130,368
Land lease prepayment <sup>(3)</sup>	30,106	33,928	-	-	-
Cash and cash equivalents	27,871	15,252	24,154	21,818	16,991
Current assets	99,382	86,814	123,948	94,059	93,123
Total assets	191,111	231,624	269,134	248,056	242,592
Current liabilities	107,932	149,498	135,038	131,126	123,496
Total liabilities	109,185	152,681	187,387	195,227	192,293
Working capital	(8,550)	(62,684)	(11,090)	(37,067)	(30,373)
Equity attributable to owners of the Company	81,926	78,943	81,747	52,829	50,299

RATIOS	FY2017	FY2018	FY2019	FY2020	FY2021
Current ratio (times)	0.92	0.58	0.92	0.72	0.75
Return on equity attributable to owners of the Company (%) <sup>(4)</sup>	(6.69)	(4.08)	(11.38)	(42.61)	(5.09)
Return on assets (%) <sup>(4)</sup>	(2.94)	(1.55)	(3.65)	(11.09)	(1.07)
Basic losses per share ("EPS") (cents) <sup>(5)</sup>	(0.89)	(0.48)	(1.23)	(3.41)	(0.31)
Net asset value per share ("NAV") (cents) <sup>(6)</sup>	12.17	11.73	9.72	6.28	5.98

## Note:

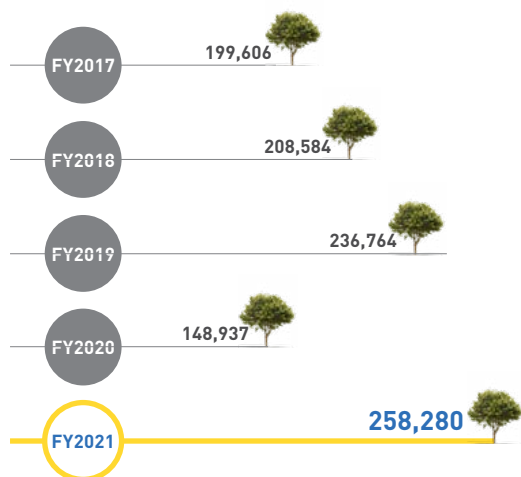
- 1 Related Party Projects refer to projects awarded by (i) our related companies, Soilbuild Group Holdings Ltd., its subsidiaries and associated companies, excluding our Company, our subsidiaries and joint ventures, and/or (ii) our Company's controlling shareholder and his Associates
- 2 External Projects refer to projects awarded by third parties
- 3 Land lease prepayment amounting to approximately S\$30,107,000 as at 31 December 2021 (S\$30,060,000 as at 31 December 2020 and S\$32,631,000 as at 31 December 2019) has been presented as part of property, plant and equipment due to adoption of new accounting standard SFRS(I) 16
- 4 In calculating return on equity attributable to owners of the Company and return on assets, the average basis has been used
- 5 Basic EPS in cents are calculated based on the net loss attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year
- 6 NAV in cents are calculated based on the net asset value attributable to owners of the Company divided by number of ordinary shares in issue at the end of the financial year



# Five-Year Financial Highlights

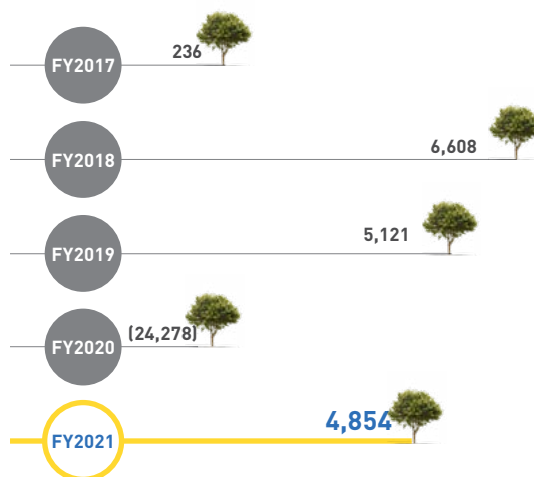
## REVENUE (S\$'000)

258,280



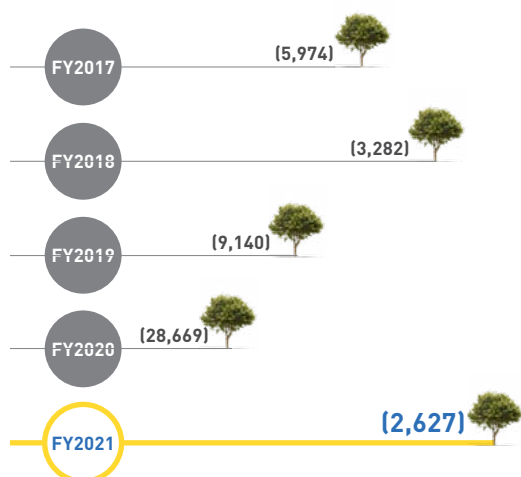
## GROSS PROFIT/(LOSS) (S\$'000)

4,854



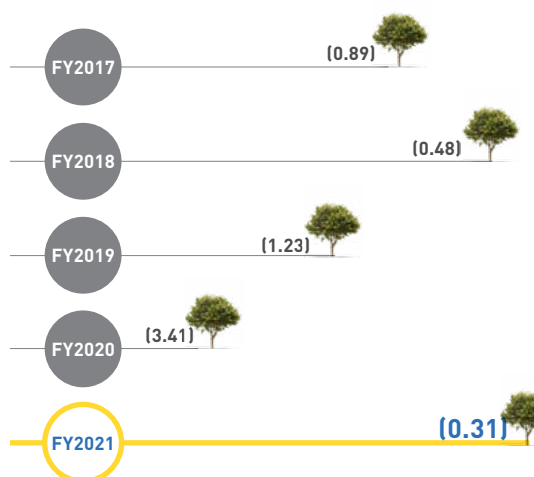
## LOSS AFTER INCOME TAX (S\$'000)

(2,627)



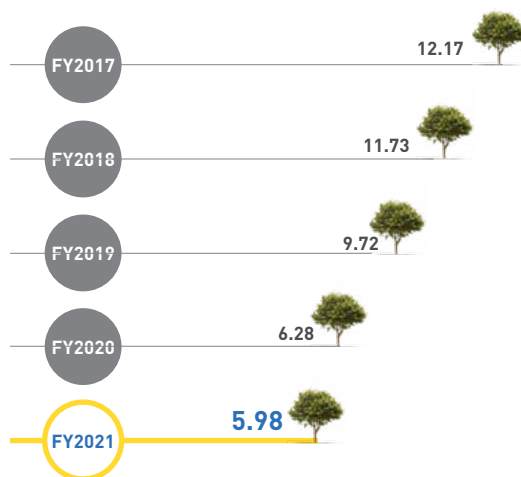
## BASIC LOSSES PER SHARE (S CENTS)

(0.31)



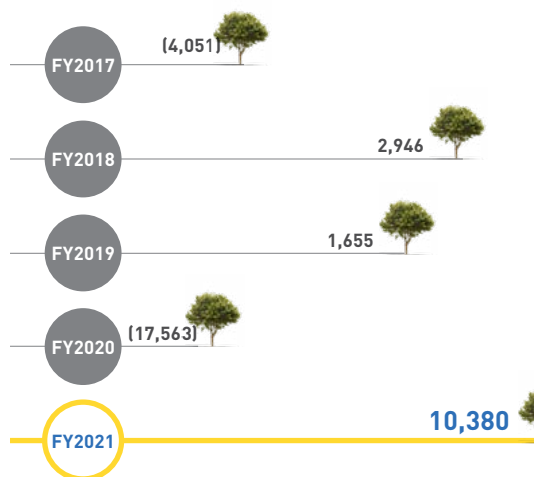
## NET ASSET VALUE (S CENTS)

5.98



## EBITDA (S\$'000)

10,380





Strengthening Expertise  
**Delivering Value**

# Operating and Financial Review



## Operating Review

### A. CONSTRUCTION CONTRACTS

#### (i) COMPLETED PROJECTS

During the financial year under review, the Group completed the following construction projects:

#### 1. BEDOK FOOD CITY PROJECT

Construction of a high-rise multi-user food factory at Bedok North Avenue 4

**TYPE OF PROJECT**

**Business Space**

**YEAR OF COMPLETION**

**2021**

**CONTRACT VALUE (IN MILLION)<sup>1</sup>**

**S\$161.0**



#### 2. TUAS BAY CLOSE PROJECT

Erection of a multiple-user general industrial development which include of a 7-storey ramp up factory building at Tuas Bay Close

**TYPE OF PROJECT**

**Business Space**

**YEAR OF COMPLETION**

**2021**

**CONTRACT VALUE (IN MILLION)<sup>1</sup>**

**S\$53.3**



#### 3. JALAN LAM HUAT PLOT B PROJECT

Construction of an industrial factory at Jalan Lam Huat

**TYPE OF PROJECT**

**Business Space**

**YEAR OF COMPLETION**

**2021**

**CONTRACT VALUE (IN MILLION)<sup>1</sup>**

**S\$14.3**



# Operating and Financial Review

## (ii) ON-GOING PROJECTS

During the financial year under review, the Group secured two new construction projects in Singapore. With these new construction projects, the Group has eleven on-going construction projects as at 31 December 2021. Subject to further development of the Covid-19 pandemic and Myanmar state of emergency, the Group expects that these projects will be progressively and substantially completed and recognised over the next two years.

### 1. KALLANG JUNCTION PROJECT<sup>2</sup>

Construction of a multi-user light industrial building at 17 Kallang Junction<sup>2</sup>

#### TYPE OF PROJECT

Business Space

#### EXPECTED YEAR OF COMPLETION

2022

#### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$20.8



### 2. YISHUN HDB PROJECT

Erection of a public housing development at Yishun Neighbourhood 4 Contract 18

#### TYPE OF PROJECT

Residential

#### EXPECTED YEAR OF COMPLETION

2022

#### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$122.1



### 3. G27D HDB PROJECT

Design and build of upgrading projects at Serangoon Ave 4 and Bedok Reservoir Road

#### TYPE OF PROJECT

Residential

#### EXPECTED YEAR OF COMPLETION

2022

#### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$26.4



### 4. COVERED LINKWAYS AND CYCLING PATHS PROJECT

Construction of covered linkways and cycling paths at Changi Business Park and One-North

#### TYPE OF PROJECT

Civil Work

#### EXPECTED YEAR OF COMPLETION

2022

#### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$8.2



### 5. GAMBAS PROJECT<sup>2</sup>

Construction of a multi-user general industrial factory development at Gambas Way<sup>2</sup>

#### TYPE OF PROJECT

Business Space

#### EXPECTED YEAR OF COMPLETION

2022

#### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$48.3



# Operating and Financial Review

## 6. TAI SENG AVENUE REDEVELOPMENT PROJECT

Erection of 4 blocks of 8 & 9 storey multiple-user general industrial factory development

### TYPE OF PROJECT

Business Space

### EXPECTED YEAR OF COMPLETION

2022

### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$161.6



## 7. CORPORATION DRIVE PROJECT

Erection of 10-storey multi-user general industry factory with temporary ancillary industrial canteen and mezzanine for ancillary office at Corporation Drive

### TYPE OF PROJECT

Business Space

### EXPECTED YEAR OF COMPLETION

2022

### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$54.7



## 8. VERTICUS CONDO

Erection of a block of 28-storey residential flat (total 162 units) with MSCP at 1<sup>st</sup> to 4<sup>th</sup> storey, sky terraces at 5<sup>th</sup> and 14<sup>th</sup> storey and communal facilities at 3 Jalan Kemaman

### TYPE OF PROJECT

Residential

### EXPECTED YEAR OF COMPLETION

2023

### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$47.9



## 9. PIONEER SECTOR PROJECT

Proposed design and build warehouse development at 2 Pioneer Sector 1

### TYPE OF PROJECT

Business Space

### EXPECTED YEAR OF COMPLETION

2023

### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$81.1



## 10. 68 RESIDENCE PROJECT

Construction and completion of a 26½ storey serviced apartment and a 26½ storey condominium in Yangon Central Area

### TYPE OF PROJECT

Residential

### EXPECTED YEAR OF COMPLETION

2022

### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$111.3



## 11. ROSEHILL RESIDENCES (MAIN CONSTRUCTION) PROJECT

Erection of 24-storey residential development at Yangon

### TYPE OF PROJECT

Residential

### EXPECTED YEAR OF COMPLETION

2022

### CONTRACT VALUE (IN MILLION)<sup>1</sup>

S\$65.2



### NOTE:

- 1 Contract value refers to the contract value of building works, architectural works and/or project management services, as applicable, and includes any variation orders confirmed or expected as at 31 December 2021
- 2 Contracts awarded during the financial year ended 31 December 2021. The aggregate value of the two new construction contracts secured in FY2021 amounts to \$63.3 million at the point of award. However, the aggregate value of the two new construction contracts has increased to \$69.1 million as at year end due to increase in scope of the construction contracts.

# Operating and Financial Review

## B. SUPPLY AND DELIVERY OF PRECAST AND PPVC CONTRACTS

The construction of the Group's Integrated Construction Precast Hub, as well as the installation of its automated plant and machineries have been completed in late 2018, commenced operations since 2019. Meanwhile, the expansion of the production lines at plants located in Malaysia has been completed in first half of 2021. With these newly added capabilities and facilities, it enables the Group's production sustainability and the Group is poised to capture the increasing market demand for the precast and prefabricated products.

In FY2021, the Group's precast and prefabrication division secured 12 new external contracts and the order book stood at S\$56.6 million\* as at 31st December 2021.

\* excluding order book for precast and prefabrication components for the Group's construction projects worth approximately S\$7.9 million.



# Operating and Financial Review

## Financial Review

### REVIEW OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### Revenue

The Group's revenue increased by 73.4% from S\$148.9 million in FY2020 to S\$258.3 million in FY2021. The higher revenue reported for FY2021 was due to increase in construction and precast manufacturing activities following gradual recovery from the impact of COVID-19 as well as start of construction activities for two new projects during the period. Revenue from Singapore were mainly contributed by projects such as Yishun HDB project, Tai Seng Avenue Redevelopment project, Corporation Drive project, Pioneer Sector Avenue Redevelopment project, Gambas project and Kallang Junction project. Revenue from Myanmar were mainly contributed by 68 Residences project and Rosehill Residences project.

In FY2021, the Precast and Prefabrication division contributed approximately S\$21.4 million to the Group's revenue on sales of its products compared to S\$6.7 million in FY2020. The increase is mainly due to increase in production activities with the completion of the expansion of the Malaysia plant in the first half of 2021.

#### Gross Profit and Gross Profit Margin

The Group reported a gross profit of S\$4.9 million in FY2021 compared to gross loss of S\$24.3 million in FY2020. The gross profit margin for FY2021 was 1.9% compared to gross loss margin for FY2020 of 16.3%.

The gross profit of S\$4.9 million in FY2021 was mainly due to gross profit attributable to construction business due to increase in construction activities following gradual recovery from the impact of COVID-19 as well as start of construction activities for two new projects during the financial year. However there are still gross losses at precast and prefabrication factories of the Group due to high fixed operating costs and slower build-up of production activities due to the COVID-19 pandemic.



#### Other Income

Other income decreased by approximately S\$4.5 million mainly due to a decrease in government grants such as job support scheme and levy rebates provided by Singapore Government.

#### Other Gains/(losses) – net

Other gains (net) of approximately S\$1.0 million in FY2021 were mainly attributable to foreign exchange gain of approximately S\$0.4 million and fair value gain on derivative financial instruments of approximately S\$0.7 million, partially offset by other items.

#### Allowance for expected credit losses on financial assets

Allowance for expected credit losses of approximately S\$1.6 million was due to impairment of the Group's trade receivables from its Myanmar operations.

#### Administrative Expenses

Administrative expenses increased by approximately S\$0.8 million mainly due to increase in staff expenses and property tax.

# Operating and Financial Review

In FY2021, the Precast and Prefabrication division contributed approximately S\$21.4 million to the Group's revenue on sales of its products compared to S\$6.7 million in FY2020.

## Finance Expenses

Finance expenses for FY2021 amounts to approximately S\$1.9 million which is comparable to the finance expenses for FY2020.

## Other Operating Expenses

Other operating expenses decreased by approximately S\$2.4 million mainly due to current year reversal of impairment loss of right-of-use assets of approximately S\$1.3 million made in prior year.

## Loss Before Income Tax

The Group reported a loss before income tax of S\$3.3 million compared to a loss before income tax of S\$29.5 million in FY2020 mainly due to increase in construction activities following gradual recovery from the impact of COVID-19.

## Income Tax Expenses

The Group reported income tax credit of approximately S\$635,000 in FY2021 as compared to income tax credit of approximately S\$844,000 in FY2020.

## Net Loss

For FY2021, the Group reported a net loss of approximately S\$2.6 million compared to net loss of approximately S\$28.7 million reported in FY2020. Correspondingly, the Group's net loss margin was 1.0% in FY2021 compared to 19.2% in FY2020.

## REVIEW OF THE GROUP'S BALANCE SHEET

### Current Assets

The Group's current assets decreased from S\$94.1 million as at 31 December 2020 to S\$93.1 million as at 31 December 2021. The decrease was mainly attributable to decrease in cash and cash equivalents of S\$4.8 million, due to repayments to suppliers and sub-contractors, partially offset by increase in inventories of S\$1.6 million due to increase in precast activities and other current assets of S\$1.3 million mainly due to increase in prepayments made as at year-end.

### Non-Current Assets

The Group's non-current assets decreased from S\$154.0 million as at 31 December 2020 to S\$149.5 million as at 31 December 2021. The decrease was mainly attributable to decrease in property, plant and equipment of S\$10.6 million due to depreciation of plant and equipment, partially offset by increase in trade and other receivables of S\$5.7 million as a result of increase in retention receivable from customers arising from increase in construction activities.

### Current Liabilities

The Group's current liabilities decreased from S\$131.1 million as at 31 December 2020 to S\$123.5 million as at 31 December 2021. The decrease was mainly attributable to decrease in trade and other payables of S\$11.6 million due to payment to suppliers and sub-contractors. The decrease was partially offset with increase in bank borrowings of S\$5.5 million.

### Non-Current Liabilities

The Group's non-current liabilities increased from S\$64.1 million as at 31 December 2020 to S\$68.8 million as at 31 December 2021. It was mainly due to the increase in bank borrowings and shareholder's loan drawdown for working capital purposes.

### Total Equity

The Group's total equity decreased by S\$2.5 million from S\$52.8 million as at 31 December 2020 to S\$50.3 million as at 31 December 2021. The decrease was attributable to the net loss after tax of the Group for FY2021.



# Sustainability Report



At Soilbuild Construction Group, **we are committed to sustainable business practices** and constantly aim to improve the impact of our businesses on society and the environment.



At Soilbuild Construction Group, we are committed to sustainable business practices and constantly aim to improve the impact of our businesses on society and the environment. We will be releasing our fifth Sustainability Report for year 2021 which is prepared in accordance with the new GRI Standards (Sustainability Reporting Framework), and is in line with the Singapore Exchange's (SGX) requirements on sustainability reporting. The Group has identified the material Environmental, Social and Governance (ESG) factors based on current business strategy and stakeholder concerns. Our Sustainability Report includes the Group's performance on each material ESG factor and plans for improved reporting in future. We look forward to updating you on our progress and welcome your feedback.



# Board of Directors



**MR LIM CHAP HUAT**  
Executive Chairman

Age 68, Mr Lim Chap Huat is the Company's Executive Chairman. Mr Lim was appointed to the Board on 14 January 2013 and was last re-elected as Director on 24 June 2020. He charts the Group's strategic direction, business planning and development as well as succession planning. Leveraging on his extensive industry experience, Mr Lim also provides guidance in project management and tender submission for the Group's various projects.

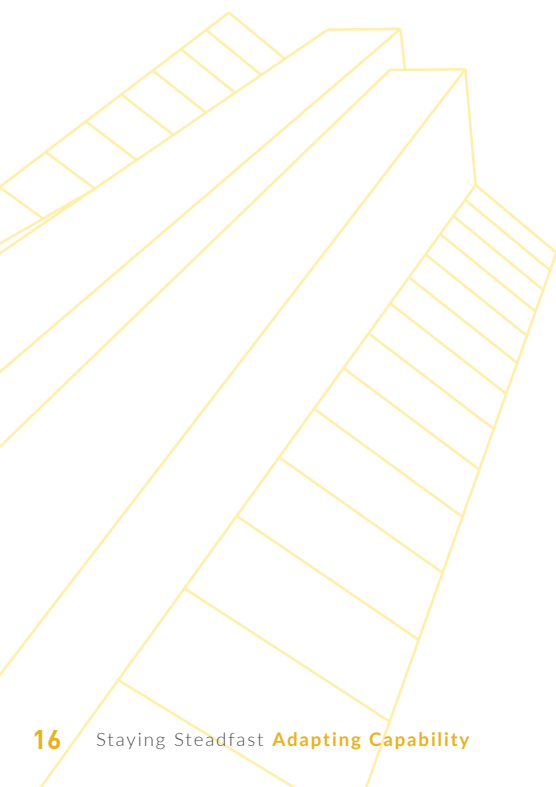
Mr Lim is a co-founder of Soilbuild Group with over 40 years of experience in the construction and property development business. Apart from his role in strategic planning and development of corporate policies, Mr Lim has been involved in all key aspects of the operations and businesses of Soilbuild Group to ensure quality at key planning, design and implementation levels, including the oversight of the tendering and management processes of construction and development projects. He has also established a network of relationships with developers, customers, consultants and architects within the real estate industry.

## Prior experience

- Co-founder of Soilbuild Group with over 40 years of experience in the construction and property development business.

Currently, Mr Lim also serves as the Chairman of Soilbuild Group Holdings Ltd. as well as a director on the board of all subsidiaries of Soilbuild Group. He is also a non-executive director of SB REIT Management Pte. Ltd., the manager of Soilbuild Business Space REIT.

Mr Lim holds a Technician Diploma (Civil Engineering) from the Singapore Polytechnic. He is active in community service and was conferred the Pingat Bakti Masyarakat (Public Service Medal) in 2003 and the Bintang Bakti Masyarakat (Public Service Star) in 2009 and 2019 respectively, by the President of the Republic of Singapore.





**MS LIM CHENG HWA**  
Non-Executive Director

Age 49, Ms Lim Cheng Hwa is the Company's Non-Executive Director. Ms Lim was appointed to the Board on 8 May 2013 and was last re-elected as Director on 26 April 2019. Ms Lim has over 25 years of investment and capital management experience, having served in various listed companies.

**Prior experience**

- Since 2011, Executive Director of Soilbuild Group Holdings Ltd. and also serves as the director of certain subsidiaries of Soilbuild Group Holdings Ltd.
- Since 2010, Director of Capital and Investment Management of Soilbuild Group Holdings Ltd., handling all financial, accounting, tax and treasury matters, business and investment development, corporate communications, human resources and administration of the group.

- 2013 to 2021, Non-Executive Director of SB REIT Management Pte. Ltd., the manager of Soilbuild Business Space REIT.
- 2007 to 2009, Group Financial Controller at Soilbuild Group Holdings Ltd.
- 1999 to 2007, Financial Controller at MTQ Corporation Limited
- 1995 to 1999, Accountant and Senior Accountant at L&M Group Investments Limited

Ms Lim holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University.

Pursuant to Article 94 of the Company's Constitution, Ms Lim will retire by rotation and is eligible for re-election at the forthcoming Ninth Annual General Meeting.



**MR POON HON THANG**  
Lead Independent Director

Age 73, Mr Poon Hon Thang is the Company's Lead Independent Director. Mr Poon was appointed to the Board on 8 May 2013 and was last re-elected as Director on 26 April 2018. Mr Poon is the Chairman of the Audit Committee of the Company, and a member of Nominating and Remuneration Committee of the Company. Mr Poon has over 30 years of experience in the financial industry.

**Prior experience**

- 1988 to 2006, worked at UOB Bank where he was responsible for consumer banking, corporate banking, commercial banking, corporate finance and international banking. In 2006, Mr Poon retired as Senior Executive Vice President from UOB Bank
- 1979 to 1988, worked at Citibank N.A. where he was responsible for credit, marketing, remedial management and structured finance

Mr Poon is an independent director of Enviro-Hub Holdings Ltd. and UOL Group Limited which are listed on SGX-ST.

Mr Poon holds a Bachelor of Commerce (Honours) from the Nanyang University of Singapore.

Mr Poon was appointed as an Independent Director of the Company on 8 May 2013 and will serve the Board beyond nine (9) years on 9 May 2022. The Company is seeking the requisite approval from shareholders under Rule 210(5)(d)(iii)(A) and (B) of the Listing Manual of the SGX-ST for Mr Poon's continued appointment as an Independent Director from 9 May 2022 at the forthcoming Ninth Annual General Meeting of the Company.



**MR TAN JEE MING**  
Independent Director

Age 63, Mr Tan Jee Ming is the Company's Independent Director. Mr Tan was appointed to the Board on 8 May 2013 and was last re-elected as Director on 26 April 2019. Mr Tan is the Chairman of the Nominating Committee of the Company, and a member of Audit and Remuneration Committee of the Company.

Mr Tan has over 30 years of experience in the legal practice.

**Prior experience**

- Since 2018, Consultant at Quahe Woo & Palmer LLC
- 2010 to 2018, Director at Straits Law Practice LLC, practicing general civil and criminal law
- 1996 to 2010, set up own sole proprietorship law firm, Tan Jee Ming & Partners
- 1989 to 1995, practice at various law

firms and then became a Partner at Derrick Jeffrey & Ravi

- 1986, commenced legal practice at RCH Lim & Co

Mr Tan holds a Bachelor of Laws (Honours) from the National University of Singapore and is a member of the Singapore Academy of Law, the Law Society of Singapore Compensation Fund Committee, the Law Society of Singapore Inquiry Panel and the Singapore Institute of Directors.

Mr Tan will retire as a Director of the Company with effect from 30 April 2022, and he will also cease as the Chairman of the Nominating Committee and as a member of the Audit Committee and Remuneration Committee, upon his retirement.



**MR TEO CHEE SENG**  
Independent Director

Age 68, Mr Teo Chee Seng is the Company's Independent Director. Mr Teo was appointed to the Board on 8 May 2013 and was last re-elected as Director on 24 June 2020. Mr Teo is the Chairman of the Remuneration Committee of the Company, and a member of Audit and Nominating Committee of the Company.

Mr Teo has been a lawyer in private practice in Singapore for over 30 years. He is a member of the Law Society of Singapore Inquiry Panel.

**Prior experience**

- Since 2006, Managing Director of Able Law Practice LLC
- 1986 to 2006, practicing at Chee & Teo
- 1981 to 1986, practicing at Chee Hee & Teo

Mr Teo is an independent director of Envictus International Holdings Limited and Lasseters International Holdings Limited which are listed on the SGX-ST. He is also an independent director of United Overseas Australia Limited, which is listed on both the Australian Securities Exchange and the SGX-ST.

Mr Teo holds a Bachelor of Laws (Honours) from the National University of Singapore.

Pursuant to Article 94 of the Company's Constitution, Mr Teo will retire by rotation and is eligible for re-election at the forthcoming Ninth Annual General Meeting of the Company.

Upon reelection, Mr Teo will remain as Chairman of the Remuneration Committee of the Company, and a member of the Audit and Nominating Committee of the Company.

Mr Teo was appointed as an Independent Director of the Company on May 2013 and will serve the Board beyond nine (9) years on 9 May 2022. The Company is seeking the requisite approval from shareholders under Rule [210](5)(d)(iii)(A) and (B) of the Listing Manual of the SGX-ST for Mr Teo's continued appointment as an Independent Director from 9 May 2022 at the forthcoming Ninth Annual General Meeting of the Company.

# Management Team



**MR GANESSARAJ SOOCELARAJ**  
Group Chief Executive Officer

Mr Ganessaraj is our Group Chief Executive Officer and is responsible for running the day-to-day operations and the execution of the strategies of the Company and the Group.

Mr Ganessaraj is also in charge of the precast and prefabrication division of the Group, setting up the automated plants for the Integrated Construction and Precast Hub as well as the manufacturing facilities for Prefabrication Prefinished Volumetric Construction ("PPVC") in Malaysia.

He leads the tender bidding and overseeing the execution of both the construction and precast and prefabrication businesses of the Group. Mr Ganessaraj has over 20 years of experience in the construction industry.

#### **Prior experience**

- 2016 to 2019, Director, Precast and Prefabrication business at Precast Concrete Pte. Ltd.
- 2008 to 2016, Senior Project Manager at SB Development Pte. Ltd.
- 2007, Resident Engineer at Arup Singapore
- 2003 to 2006, Executive Engineer at Land Transport Authority Singapore
- 1999 to 2003, Project and Design Engineer at Fong Consult Pte. Ltd.

Mr Ganessaraj graduated from the Nanyang Technological University Singapore with a Bachelor of Civil and Structural Engineering in 1999 and obtained his Master of Science in Civil Engineering from the National University of Singapore in 2003.



**MR LIM HAN REN**  
Group General Manager

Mr Lim Han Ren will be appointed as our Group General Manager with effect from 31 March 2022. Mr Lim Han Ren will be responsible for the Company and the Group's overall management and strategy development to spearhead its growth.

#### **Prior experience**

- Since 2020, Director at Soilbuild Group Holdings Ltd.
- 2017 to 2020, Associate at Dymon Asia Private Equity

Mr Lim Han Ren is currently a Director of Soilbuild Group Holdings Ltd, which is a leading integrated property group with a successful track record of constructing, developing and managing an award-winning portfolio of residential and business space properties. As director of Soilbuild Group Holdings Ltd, Mr Lim Han Ren is responsible for evaluating real estate investments and manages all aspects of development projects

from design development, construction to property management.

Complementing Mr Lim Han Ren's extensive and intimate understanding of the real estate and construction industry, he is also well versed in finance and strategic operational management from his previous experience at a Southeast Asian focussed private equity firm, where he successfully completed the acquisition and divestment of various business entities, and was also actively involved in the roll-out of various operational initiatives in these entities, driving business transitions towards professional management and capital structure improvements.

Mr Lim Han Ren obtained his Bachelor of Science (Business), with double concentrations in Finance and General Accounting from the New York University, Leonard Stern School of Business.



**MR ONG ENG HWA**  
Chief Strategy Officer

Mr Ong Eng Hwa was appointed as our Chief Strategy Officer in January 2022. Mr Ong Eng Hwa will oversee the day-to-day operations of the construction business and is responsible for implementing the Company and the Group's strategies and policies.

**Prior experience**

- 2019 to 2022, Head of Building at Gammon Pte. Limited
- 2016 to 2018, Project Director at CHH Construction system Pte. Ltd.
- 2015 to 2016, Chief Operating Officer at ACP Construction Pte. Ltd.
- 1994 to 2016, various roles with last appointment being Project Director (Business Unit Head) at Tiong Seng Contractors (Private) Limited.

Mr Ong Eng Hwa is an accomplished leader in the construction business with around 30 years of broadspectrum experience in building construction. He was previously the Head of Building at Gammon Pte. Limited and has also held various leadership roles in many construction companies.

Mr Ong Eng Hwa obtained his Bachelor of Science (Honours) in Building from the National University of Singapore in 1991.



**MR CHUA MENG KIM**  
Chief Operations Officer

Mr Chua Meng Kim is our Chief Operations Officer and his responsibilities includes overall management of projects to ensure that the relevant projects are on time, within budget and adhere to the safety and health standard with acceptable quality, planning and implementing of project work schedules and formulation of construction budgets. Mr Chua has over 20 years of experience in the construction industry.

**Prior experience**

- 2000 to 2014, Senior Trades Production Manager at Dragages Singapore Pte. Ltd.
- Prior to 2000, worked in various roles such as Quantity Surveyor, Site Supervisor and Assistant Engineer in various construction companies

Mr Chua graduated from the Curtin University of Technology Australia with a Bachelor of Applied Science in Construction Management and Economic in 1998.



**MR SIM TECK WUI**  
Chief Commercial Officer

Mr. Sim Teck Wui is our Chief Commercial Officer and is responsible to lead our business development team, source and evaluate tender opportunities for construction projects, build relationships in the industry, complete business deals and to evaluate and implement cross-functional decision. Mr Sim is also tasked to oversee and monitor the Group's procurement and purchasing activities, supervising our quantity surveying functions and provide support to the execution of our construction projects.

**Prior experience**

- 2015 to 2020, General Manager at PT-G Builders Pte Ltd
- 2014 to 2015, Senior QS & Procurement Manager at Jian Huang Construction Co Pte Ltd
- 2005 to 2014, Senior QS & Procurement Manager at Soilbuild Construction Group Ltd

Prior to 2005, Mr Sim worked as Quantity Surveyor in various construction companies.

Mr Sim obtained Bachelor of Building Surveying (Second Class Honours) from University of Malaya, Kuala Lumpur in 1999.



**MR NG KWON HONG**  
Director, Projects

Mr Ng Kwoon Hong is our Director, Projects. His key focus is on the Group's government related projects. Leveraging on his previous work experience, he is currently responsible for managing budgets and ensuring the quality, safety and timely delivery of these projects. Mr Ng brings to the Group over 30 years of industry expertise, having worked in both public and private sectors.

**Prior experience**

- 2009 to 2013, General Manager and Project Director at Soilbuild Group Holdings Ltd. and Soil-Build (Pte.) Ltd. respectively, overseeing projects to ensure quality builds and timely delivery

- 2007 to 2009, Deputy General Manager at SB Development Pte. Ltd, responsible for reviewing and monitoring with architect and structural engineer for PP, WP and BP submission
- 1986 to 2007, held various positions at Soil-Build (Pte.) Ltd. which includes Senior Site Foreman, Senior Site Manager and Assistant Project Manager
- 1982 to 1986, Site Foreman at Eka General Construction



**MR HO CHAN TECK PATRICK**  
Director, Projects

Mr Ho Chan Teck Patrick is our Director, Projects. His role includes management of industrial projects to ensure that the relevant projects are on time, within budget and adheres to the safety and health standard with acceptable quality, planning and implementing of project work schedules and formulation of construction budgets. Mr Ho has over 30 years of experience in the construction industry.

**Prior Experience**

- 2004 to 2012, Deputy General Manager at Soilbuild Group Holdings Ltd. and Head of Soilbuild Group Holdings Ltd.'s development management division
- 1997 to 2004, Manager/Project Manager at Soil-Build (Pte.) Ltd.
- Prior to 1997, worked in various roles such as a Site Foreman and a Site Manager in various construction companies

Mr Ho obtained a Technician Diploma in Building from Singapore Polytechnic in 1984.



**MR LIM THIAM LAY**  
Director, Mechanical & Electrical

Mr Lim Thiam Lay is our Director, Mechanical and Electrical and is responsible for the day-to-day operation of all M&E related works which include tender bidding and design development. Having worked in various civil engineering and construction companies, Mr Lim brings to the Group over 20 years of related experience in the construction industry.

Manager, M&E Manager, Deputy Head and Senior M&E Manager, and Head of M&E at Soil-Build (Pte.) Ltd.

- Prior to 2001, he had 6 years of experience as M&E Coordinator/Assistant Manager liaising and coordinating all M&E, structural and architectural works for Toda Corporation, Tekken Corporation and Arab Malaysian Toda Sdn Bhd

Mr Lim obtained a Diploma in Electrical & Electronics Engineering from the Institute Teknologi Jaya, Malaysia in 1992.

**Prior experience**

- 2001 to 2014, since joining the Group, he held various positions in the M&E department, including M&E Coordinator, Assistant M&E



**MR TOH YIQIANG**  
Group Financial Controller

Mr Toh Yiqiang is our Group Financial Controller. Mr Toh joined the Group in 2021. He is responsible for the execution and day-to-day operation of various functions of the Group which include finance and accounting, human resource, IT and administration, as well as corporate affairs. Mr Toh has more than 14 years of auditing and accounting experience.

**Prior experience**

- 2007 to 2021, Senior Manager (General Assurance) at PricewaterhouseCoopers LLP

Mr Toh graduated from the Nanyang Technological University Singapore with a Bachelor of Accountancy (First Class Honours) and a second specialisation in Business Law in 2007. Mr Toh is a member of the Institute of Singapore Chartered Accountants.



# Myanmar Team



**MR MOE ZAW**  
Non-Executive Chairman  
For Myanmar Business

Mr Moe Zaw is the Non-Executive Chairman for the Group's business in Myanmar. He is responsible to provide leadership to our management team and to promote our business in Myanmar. Mr Moe Zaw has over 40 years of experience in various industrial sectors in Myanmar and the global market across Asia, Europe and the United States of America, which include oil and gas sector, logistic operations, supply chain management, pharmaceutical manufacturing, sales and marketing, engineering as well as fund management. He has also acted as business advisors and involved in various reorganisation, re-structuring, acquisition and merger exercises of multi-national corporations both in the western countries and Myanmar.

Mr Moe Zaw holds a Bachelor of Economics (Planning and Development) from the Rangoon Institute of Economics, Myanmar, Diploma in Marketing from Chartered Institute of Marketing UK and attended executive education programs at universities including the Harvard University and the Harvard Business School.



**MR NGWE ZAW**  
Director, Myanmar Business

Mr Ngwe Zaw is our Director, Myanmar Business. He joined the Group in 2013. His responsibilities are to lead the day-to-day operation of the Group's subsidiaries in Myanmar, leading the tender bidding and overseeing the execution of the construction works in Myanmar.

#### **Prior experience**

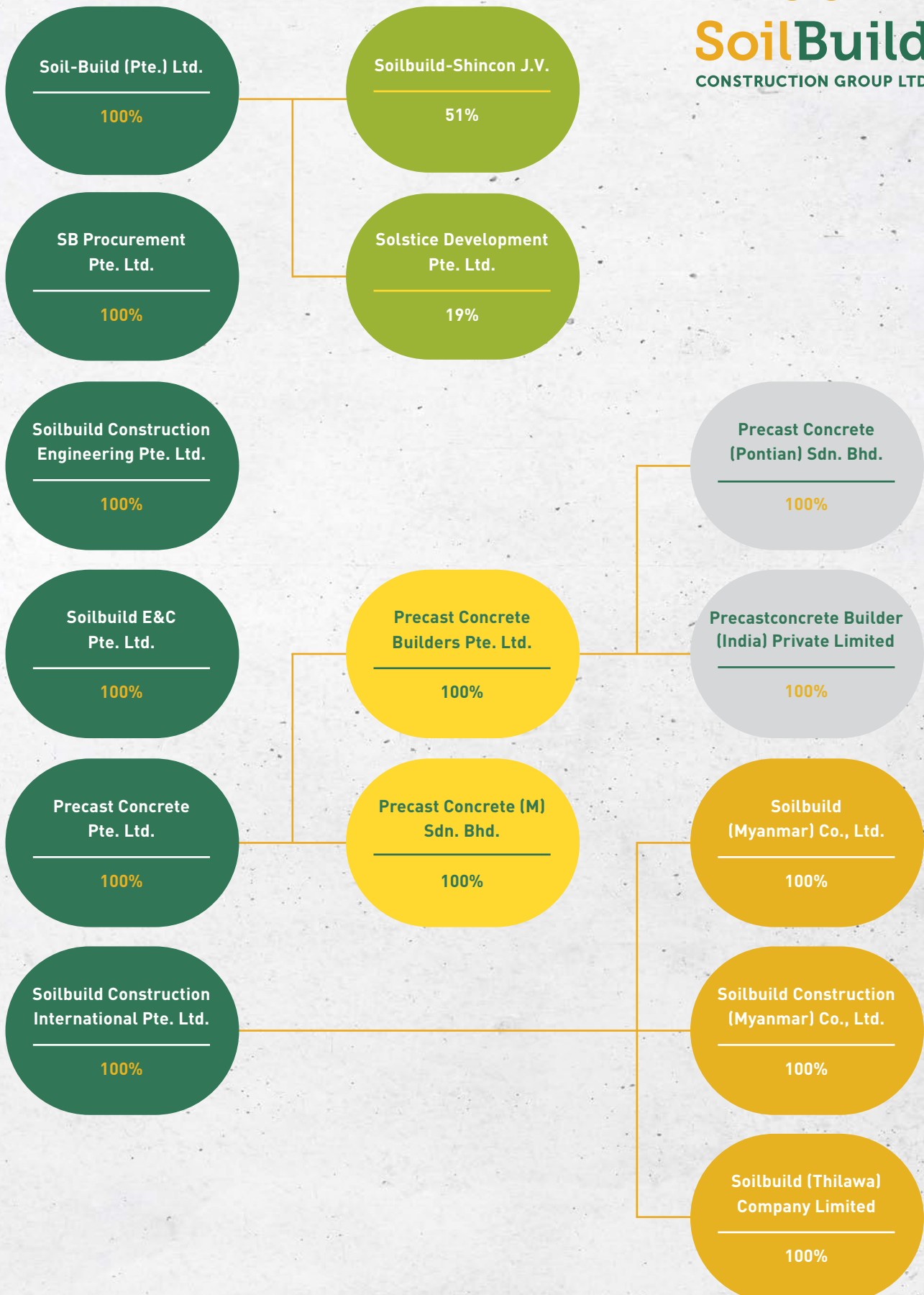
- 2005 to 2013, Project Director at MA Builders Pte Ltd
- 2000 to 2005, Deputy Project Manager at Ban Teck Construction Pte Ltd
- 1998 to 2000, Site Engineer at Aoki Corporation Singapore Branch

Mr Ngwe Zaw holds a Diploma in Civil Engineering from Government Technical Institute, Insein, Myanmar, and a Bachelor of Science in Construction Management from Heriot-Watt University.

# Group Structure



**SoilBuild**  
CONSTRUCTION GROUP LTD



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# Corporate Governance Report

The Board of Directors (the “**Board**”) of Soilbuild Construction Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to maintain a high standard of corporate governance which is essential to discharge its responsibilities and enhance shareholders’ value, while seeking to achieve operational excellence and delivering the Group’s long-term strategic objectives. The Board has also established various self-regulatory and monitoring mechanisms, where applicable, to ensure that effective corporate governance is practised.

Set out in the Report are the Group’s corporate governance practices and structures that have been adopted with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) and the accompanying Practice Guidance, and where applicable, the Listing Manual (“**SGX-ST Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Companies Act 1967 of Singapore (the “**Companies Act**”) and the Guidebook for Audit Committees in Singapore, focusing on areas such as internal controls, risk management, financial reporting, internal and external audit.

The Board confirms that for the financial year ended 31 December 2021, the Company has adhered to the principles and provisions as set out in the Code, where applicable, and has specified and explained any variations from the Code, including the reason for variation and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code, in this report. The Board considers that the alternative corporate governance practices are sufficient to meet the underlying objective of the Code.

## (A) BOARD MATTERS

### The Board’s Conduct of Affairs

#### *Principle 1*

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

The Board is made up of Directors who are fiduciaries who act objectively in the best interests of the Group and hold management accountable for performance for the long-term success of the Group. The Board works with management to set appropriate tone-from-the-top and desired organisational culture, to put in place a code of conduct and ethics and ensure proper accountability within the Group.

In addition to its statutory duties, the principal functions of the Board, among others, include:

- providing entrepreneurial leadership, reviewing and setting the strategic directions and broad policies, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and monitoring the organisational performance towards them;
- approving the Group’s annual budgets, key operational matters, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposal of assets, making decisions in the interests of the Group, interested person transactions of a material nature, convening of shareholders’ meetings and major funding proposals;
- establishing and reviewing the adequacy and integrity of the Company’s framework of risk management systems, internal controls and financial reporting systems;
- ensuring the Group’s compliance with relevant laws, regulations, policies, directives, guidelines, internal codes of conduct and obligations to shareholders;
- approving all Board appointments or re-appointments and appointments of any persons who have authority and responsibility for planning, directing and controlling the activities of the Company (“**key management personnel**”) as well as evaluating their performance and reviewing their compensation packages;

# Corporate Governance Report

- ensuring accurate, adequate and timely reporting to, and communication with shareholders;
- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;
- setting the Group's values and standards of conduct and assuming the responsibility for the satisfactory fulfilment of social responsibilities of the Group; and
- reviewing the performance of the Group towards achieving adequate shareholder value including but not limited to the declaration of interim and final dividends, if applicable, approval of financial results of the Group and the audited financial statements and timely announcements of material transactions.

To facilitate effective management and assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework, the Board has delegated specific responsibilities to three committees with clear written terms of reference setting out their compositions, authorities and duties, namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (each a "**Board Committee**" and collectively, the "**Board Committees**"), details of which are set out below. These Board Committees have the authority to review and examine particular issues and to report to the Board their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board, which will take into consideration the best interests of the Group.

The Board decides on matters that require its approval and clearly communicates this to management in writing through a set of internal guidelines. Matters which are specifically reserved for the Board's decision include those involving corporate plans and budgets, material acquisitions and disposals of assets, corporate strategy, financial restructuring, share issuances, dividends and other returns to shareholders, major financial decisions such as investment and divestment proposals, expenditure beyond a prescribed amount as well as interested person transactions.

The Company conducts a comprehensive and tailored induction programme for newly appointed directors which seeks to familiarise directors with the Group's businesses, board processes, internal controls and governance practices. The induction programme includes meetings with various key management personnel and briefings on key areas of the Company's operations. The Company provides a formal letter to each new director upon his appointment, setting out clearly the director's duties and obligations (including their roles as executive, non-executive and independent directors). The Company provides training for first-time directors in the roles and responsibilities of a listed company director, including in areas such as accounting, legal and industry-specific knowledge as appropriate. All newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore will attend the mandatory training as prescribed by the Exchange at the Singapore Institute of Directors or any other relevant courses at the Company's expenses within one year of appointment.

The Directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, the management of the Company ("**Management**") and the Company Secretary in areas such as Directors' duties and responsibilities, corporate governance practices, risk management matters and changes in financial reporting standards. The Company also encourages and where appropriate, arrange for training courses to supplement and keep Directors updated on areas such as accounting, legal and industry-specific knowledge. The Company is responsible for funding the training of Directors.

In FY2021, the external auditors, Company Secretary and CEO briefed the AC and the Board on amendments to the accounting and governance standards, regulatory updates and the Group's business and strategy respectively.

# Corporate Governance Report

The Board meets at least two times a year with additional meetings convened as and when necessary. Fixed meetings are scheduled at the start of each financial year. The Company's Constitution allows Board meetings to be conducted by way of telephone conferencing or other methods of simultaneous communication by telegraphic or electronic means, whereby all persons participating in the meeting are able to communicate as a group without requiring the Directors' physical presence at the meeting. The Board and the NC regularly review whether the Directors with multiple board representations have sufficient time and attention given to the Group's affairs, details of which as set out below. Each Board member brings with him/her independent judgement, diversified knowledge and experience when dealing with issues of strategy, performance, resources and standards of conduct.

The matrix on the frequency of the Board and Board Committee meetings and the attendance of Directors at these meetings during the financial year ended 31 December 2021 is disclosed below:

<b>MEETING OF</b>	<b>Board</b>	<b>AC</b>	<b>NC</b>	<b>RC</b>
Total meetings held	2	3	2	2
<b>Total meetings attended:</b>				
Lim Chap Huat	2	3*	1*	1*
Lim Cheng Hwa	2	3*	1*	1*
Poon Hon Thang	2	3	2	2
Tan Jee Ming	2	3	2	2
Teo Chee Seng	2	3	2	2

\* Attendance by invitation of the relevant Board Committee

Board reports are provided to the Directors prior to the Board meetings. This is issued in sufficient time prior to the meeting to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board report includes, among others, the following details:

- minutes of meetings of all Board Committees;
- background and explanations of proposals submitted to the Board for approval;
- relevant budgets, forecasts and projections, including explanations on any material variances between the projections and actual results;
- copies of disclosure documents;
- major operational and financial information issues;
- updates on corporate developments; and
- market responses to the Group's strategies.

All analysts' and media reports on the Group, if any, are forwarded to the Directors on an on-going basis. The Board receives financial highlights of the Group's performance and development which are presented on a half-yearly basis at Board meetings. The Group's key management personnel are present at these presentations to address any queries which the Board may have.

# Corporate Governance Report

All Directors have separate and independent access to the Group's key management personnel, senior management and the Company Secretary and are entitled to request for such additional information as needed to make informed decisions. All Directors are provided with complete and adequate information prior to Board meetings and on an on-going basis. The Company Secretary provides secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary attends all Board Committee meetings. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its Board Committees and between Management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary are subject to the approval of the Board.

The Board has clear policies and procedures for dealing with conflicts of interest. Where the Director faces a conflict of interest, he or she shall disclose this and recuse himself or herself from meetings and decisions involving the issue of conflict.

Where decisions to be taken require expert opinion or specialist knowledge, the Directors, whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties, at the Company's expense. The appointment of such independent professional advisers are subject to the approval by the Board.

## **Board Composition and Guidance**

### ***Principle 2***

***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.***

As at the date of this Annual Report, the Board comprises an Executive Director, a Non-Executive Director and three Independent Directors. The Board composition is as follows, where Non-Executive Directors make up a majority of the Board:

#### **Executive Director:**

Mr Lim Chap Huat (Executive Chairman)

#### **Non-Executive Director:**

Ms Lim Cheng Hwa

#### **Independent Directors:**

Mr Poon Hon Thang (Lead Independent Director)

Mr Tan Jee Ming

Mr Teo Chee Seng

The size and composition of the Board are reviewed by the NC annually to ensure that the current Board size and number of Board Committees facilitates effective decision making, taking into account the size, nature and scope of the Group's present operations, as well as the requirements of business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

# Corporate Governance Report

The NC, with the concurrence of the Board, is of the opinion that the current Board size of five Directors is appropriate and that the Board possesses the appropriate mix of gender, skills, knowledge, expertise and experience to provide core competencies in areas such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge relevant to the Group and to the expansion of the Group. Further details on each Director, including their academic and professional qualifications, shareholding in the Company and its subsidiaries, Board Committees served on (as a member or Chairman), dates of first appointment and the last re-election as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments or principal commitments, are presented under the “Directors’ Statement” and “Board of Directors” sections of this Annual Report.

The Board recognises the importance of having a diverse and effective Board and the NC is responsible for setting the relevant objectives to promote and achieve diversity on the Board. The NC adopts a Board Diversity Policy with the objective to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Group. The Board Diversity Policy provides that, in reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. These factors will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. In relation to gender diversity, 25% of Non-Executive and Independent Directors are female.

Of the four Non-Executive Directors, three are independent and make up more than half of the Board. Therefore, no individual or group is able to dominate the Board’s decision-making process. There is also an appropriate balance in the Board because of the presence of Independent and Non-Executive Directors who have the calibre necessary to carry sufficient weight in Board decisions. As the Chairman of the Company is not independent, the current Board Composition complied with the Code, such that Independent Directors made up a majority of the Board. More than one-third of the Board is made up of independent directors.

The Board and Management fully appreciate that an effective and robust Board whose members engage in open and constructive debate and challenge Management on its assumptions and proposals is fundamental to good corporate governance. Although all the Directors have equal responsibilities towards the Group’s operations, the role of the Independent and Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management team are fully discussed and examined, and take into account the long-term interests of shareholders as well as employees, customers, suppliers, and the various communities which the Group conducts business with. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Company has adopted initiatives to ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, have unrestricted access to Management, and have sufficient time and resources to discharge their oversight function effectively. These initiatives include regular informal meetings for Management to brief the Directors on prospective deals and potential developments at an early stage, and the circulation of relevant information on business initiatives, industry developments, and analyst and media commentaries on matters in relation to the Company and the industries in which it operates.

Non-Executive Directors also meet at least once a year without the presence of Management to discuss the matters in relation to the corporate development of the Group to ensure effective and independent review of the Management.

Led by the Lead Independent Director, the Independent Directors meet regularly without the presence of other Directors to discuss matters such as board processes, corporate governance initiatives, succession and leadership development planning, and remuneration matters. Feedback on the outcomes of these discussions is provided to the Executive Chairman after such meetings.



# Corporate Governance Report

## *Independence of Directors*

The NC reviews and determines the independence of each Independent Director annually. As part of the review process, the NC requires all Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the provision of the Code, Practice Guidance and SGX-ST Listing Manual. The NC has reviewed the declaration forms and confirmed their independence in accordance with the Code, Practice Guidance and SGX-ST Listing Manual. Taking into account the views of the NC, the Board determined that the said Directors are independent in conduct, character and judgement and there are no relationships or circumstances with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, the said Directors' exercise of independent business judgement in the best interests of the Company.

At the end of FY2021, there are no Independent Directors who has served beyond nine years since the date of first appointment.

When there are directors who will serve/have served on the Board beyond nine years from the date of their first appointment, the Board will rigorously review their continuing contributions and independence and decide if they should continue with appointment.

Concerning the independence of directors who would serve on the Board beyond nine years during FY2022, Mr Poon Hon Thang, Mr Teo Chee Seng and Mr Tan Jee Ming who were appointed on 8 May 2013, would serve on the Board beyond nine years on 9 May 2022. During FY2022, the NC performed an annual review of their interests in which all potential or perceived conflicts (including time commitments, length of service and other issues relevant to their independence) are considered.

Where a Director will serve / has served on the Board for more than nine years, the Board has further reviewed whether such a Director should be considered independent. The following were some of the factors considered in reviewing the independence of the Director who will serve / has served beyond nine years:

- (a) whether the Director is free from any dealings, relationships or circumstances that could affect or appear to affect his independent judgement, particularly with regards to whether the Director has indicated or demonstrated an alignment or ongoing support for any specific group of stakeholders, instead of representing the interests of all stakeholders;
- (b) whether the length of service had any adverse impact on the Director's objectivity and judgement and whether during the tenure there had been any impairment to his ability to discharge his duties and responsibilities in the overall interest of the Group, taking into consideration the interests of all stakeholders; and
- (c) whether the Director continues to exhibit a firm commitment to his role and continues to actively contribute his knowledge and experience to the Group.

After due and careful rigorous review, the NC and the Board is of the view that all the above-referred three independent directors continue to remain independent in their exercise of judgement and objectivity in Board matters. Each of the long-serving directors had duly recused himself from the discussion and taking a decision in respect of his own independence.

Rule 210(5)(d)(iii) of the SGX Listing Rules requires a director who has been a director for an aggregate period of more than nine years (whether before or after listing) and who continues to be appointed as an independent director ("ID") to seek approval in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer. Accordingly, from 1 January 2022, a director will no longer be independent if he has been a director for an aggregate period of more than 9 years, unless his continued appointment as an ID has been sought and approved in separate resolutions by shareholders ("**Two-Tier Vote**"), as required under the 9-Year Rule.

# Corporate Governance Report

The Company is aware that it will be required to adhere to the above two-tier voting mechanism should Mr Poon Hon Thang, Mr Teo Chee Seng and Mr Tan Jee Ming continue in office as Non-Executive Independent Directors of the Company after 9 May 2022. The Company has plans to refresh and reorganize its Board to align with the spirit of the 2018 Code and Mr Tan Jee Ming will retire as a Director of the Company on 30 April 2022. The NC has been and will continue to review potential candidate who may be appointed as Independent Director(s) of the Company, taking into consideration the size of the Board, the skills, knowledge, gender, experience and other relevant factors of the candidate(s) to ensure a smooth transition.

Thus, at the forthcoming AGM, the Company is seeking the requisite approval from shareholders under Rule 210(5)(d)(iii)(A) and (B) of the SGX Listing Rules for Mr Poon Hon Thang and Mr Teo Chee Seng's continued appointment as an Independent Director from 9 May 2022.

## Chairman and Chief Executive Officer

### *Principle 3*

***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.***

The Executive Chairman and the Chief Executive Officer (“**CEO**”) for the Group are separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

As the Executive Chairman, Mr Lim Chap Huat charts the strategic direction, the business planning and development of the Group. He also ensures that Board meetings are held as and when necessary, approves the Board meeting agenda and ensures adequate time is available for discussion of all agenda items, in particular strategic issues, reviews the Board papers before they are presented to the Board to ensure that Board members are provided with complete, adequate and timely information. Management staff who have prepared the papers or can provide additional insights into the matters to be discussed are invited to present the papers or attend the relevant Board meetings. Mr Lim Chap Huat also monitors communications and relations between the Company and its shareholders, between the Board and Management, between Executive and Non-Executive Directors and between Independent and Non-Independent Directors, with a view to encourage constructive relations and dialogue amongst them. The Executive Chairman also works to facilitate the effective contribution of Non-Executive Directors and assists to ensure procedures are introduced to comply with the Company's guidelines on corporate governance.

As the CEO of the Company, Mr Ganessaraj S/O Soocelaraj is responsible for making strategic proposals to the Board, implementing approved strategies and policies, managing and reviewing the development of strategies and running the day-to-day operations of the Company.

### *Lead Independent Director*

For good corporate governance, since financial year ended 31 December 2013, the Board has appointed Mr Poon Hon Thang as Lead Independent Director to lead and co-ordinate the activities of the Independent Directors of the Company. The Lead Independent Director assists the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company, and in particular, to provide leadership in situations where the Chairman is conflicted and is available to the shareholders when they have concerns when contact through the normal channels to the Chairman, the CEO or the Financial Controller (“**FC**”) has failed to resolve or for when such contact is inappropriate.

# Corporate Governance Report

## Board Membership

### Principle 4

**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.**

The Board has established a NC to, among other things, make recommendations to the Board on the appointment and re-appointment of directors and oversee the Company's succession and leadership development plans.

The NC, regulated by a set of written terms of reference, comprises the following three members, all of whom, including the Chairman, are Independent Directors:

Mr Tan Jee Ming (Chairman)  
Mr Poon Hon Thang  
Mr Teo Chee Seng

The Lead Independent Director is a member of the NC.

The NC is responsible for the following under its terms of reference:

- reviewing the structure, size and composition of the Board and Board Committees and making recommendations to the Board, where appropriate;
- giving full consideration to succession planning for Directors and other key management and senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- to establish procedures for and make recommendations to the Board on all board nominations and re-nominations;
- reviewing and recommending to the Board the nomination of retiring Directors and those appointed during the year standing for re-election at the Company's annual general meeting ("AGM"), having regard to the Director's contribution and performance;
- reviewing and evaluating whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations;
- reviewing and determining annually if a Director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors and assessment process including independence of any director who has served on the Board for more than nine years;
- deciding how the Board's performance may be evaluated and propose objective performance criteria, which allow for comparison with industry peers and address how the Board has enhanced long term shareholders' value, for approval by the Board;
- implementing a process to assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board of Directors;
- ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
- review of training and professional development programs for the Board; and
- such other duties or functions as may be delegated by the Board or required by regulatory authorities.

The NC has had two meetings during the financial year ended 31 December 2021. The matrix on the frequency of meetings and the attendance of Directors at these meetings is disclosed on page 28 of this Annual Report.

# Corporate Governance Report

## Process for selection, appointment and re-appointment

**Table 4.1 – Process for the Selection and Appointment of New Directors**

1. Selection criteria determination	<ul style="list-style-type: none"><li>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge and gender, to complement and strengthen the Board and increase its diversity.</li></ul>
2. Search for suitable candidates	<ul style="list-style-type: none"><li>• The NC would consider candidates proposed by the Directors, Management or substantial shareholders, and may engage external search consultants where necessary and appropriate.</li><li>• The NC will assess the candidates and their abilities taking into consideration the existing composition of the Board and strives to ensure that the Board has the appropriate balance of independent directors as well as qualification and experience, to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives and to ensure that the candidates are aware of the expectations and level of commitment required of them.</li></ul>
3. Assessment of shortlisted candidates	<ul style="list-style-type: none"><li>• The NC would meet and interview the shortlisted candidates to assess their suitability.</li></ul>
4. Appointment of director	<ul style="list-style-type: none"><li>• The NC would recommend the selected candidate to the Board for consideration and approval.</li></ul>

**Table 4.2 – Process for the Re-election of Incumbent Directors**

1. Assessment of director	<ul style="list-style-type: none"><li>• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and</li><li>• The NC would also consider the current needs of the Board.</li></ul>
2. Re-appointment of director	<ul style="list-style-type: none"><li>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</li></ul>

Pursuant to the Company's Constitution, at least one-third of the Board, including executive and non-executive Directors, must retire from office by rotation and are subject to re-election at every AGM. All Directors are required to retire at least once every three years. Newly appointed Directors are subject to retirement and re-election at the AGM immediately following their appointment. This will enable all shareholders to exercise their rights in selecting all board members.

The NC is also responsible for making recommendations to the Board on the re-nomination of Directors, having regard to the Director's contribution and performance including, if applicable, as an independent Director.

The NC has, in its deliberations on the re-election of existing Directors, taken into consideration the relevant Director's competencies, commitment, contribution and performance. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of participation and special contribution.

At the forthcoming AGM, Mr Teo Chee Seng and Ms Lim Cheng Hwa will retire and seek re-election pursuant to Article 94 of the Company's Constitution. Additional information relating to the Directors seeking re-election is set out on Pages 141 to 145 of the Annual Report.

# Corporate Governance Report

As described under Principle 2 of this Annual Report, both Mr Poon Hon Thang and Mr Teo Chee Seng are required to seek approval via a two tier voting mechanism should they wish to seek for re-election.

The NC determines annually, and as and when circumstances require, if a director is independent. The NC has adopted the Code's definition of an independent Director and guidelines as to relationships, shareholding in the Company and the period of the appointment in determining the independence of a Director. In addition, the NC requires each Non-Executive Director to disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence. 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.

During the financial year ended 31 December 2021, the NC has reviewed the independence of the Board members with reference to the guidelines set out in the Code and has determined Mr Poon Hon Thang, Mr Tan Jee Ming and Mr Teo Chee Seng to be independent and free from any of the relationships and relevant shareholding in the Company, as outlined in the Code. Each of the Directors has also confirmed his independence. The Board has concurred with the NC's views.

During the financial year ended 31 December 2021, the NC has also conducted an annual review of the performance of Mr Lim Chap Huat, the Executive Chairman of the Company, including whether Mr Lim Chap Huat is able to and has been adequately carrying out his duties as Executive Chairman of the Company, and has made such recommendations to the Board as appropriate. The NC is satisfied and the Board has concurred that Mr Lim Chap Huat had carried out his duties as Executive Chairman of the Company.

Save as disclosed, none of the Directors on the Board are related and do not have any relationship with the Company, its related companies, its substantial shareholders or its officers which could interfere or be reasonably perceived to interfere with the exercise of their independent judgement.

The Board does not encourage the appointment of alternate Directors. No alternate Director is appointed to the Board.

The NC also considers annually whether Directors who serve on multiple boards are able to commit the necessary time to discharge their responsibilities as Directors of the Company. The NC has taken into account the results of the assessment of the effectiveness of the individual Director, and the respective Director's actual conduct on the Board in making this determination and is satisfied that sufficient time and attention are being given by each Director to the affairs of the Group, notwithstanding that some of the Directors may have multiple board representations. In view of the foregoing, the NC does not consider it necessary to determine a maximum number of listed company board representations which any Director may hold.

The Group recognises that its Executive Chairman may be invited to become non-executive Director of other companies and that exposure to such non-executive duties can broaden the experience and knowledge of its Executive Chairman which will benefit the Group. The Executive Chairman is therefore allowed, with the Board's consent, to accept non-executive appointments, as long as these are non-competing companies and are not likely to lead to conflicts of interest. The Executive Chairman is allowed to retain the fees received.

The Directors are also kept updated on revisions to relevant laws and regulations through presentations and workshops organised by the Management. The Board supports Directors receiving further relevant training in connection with their duties, particularly on relevant new laws and regulations. In addition, Management facilitates attendance at such training sessions by disseminating information on the availability of such training sessions to each Director.

The NC also ensures that new directors are aware of their duties and obligations at law, which includes acting in good faith and the best interests of the Company, exercising due care, skills and diligence, and avoiding conflicts of interest. Please also refer to Principle 1 above on the induction, training and development provided to new directors.

The key information and profile of the Directors are disclosed in page 16 to 18 of this Annual Report.

# Corporate Governance Report

## Board Performance

### Principle 5

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

The NC reviews the performance of the Board, Board Committees and individual Directors on an annual basis, based on performance criteria as agreed by the Board, and decides how this may be evaluated. The Board has established a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director towards the effectiveness of the Board.

#### Evaluation process

This assessment is conducted by the NC at least once a year by way of a Board evaluation where the Directors complete the Board Performance Evaluation Questionnaire ("Questionnaire") seeking their views on various aspects of Board performance, such as Board composition, information and process.

The NC and the Board are of the view that a separate assessment on the effectiveness of the Board Committees is not necessary as the Board Committees share common members and a section on each Board committees' performance is included in the Questionnaire. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.

To assess the effectiveness of the Board as a whole, the factors evaluated by the NC include but are not limited to:

- Board structure
- Information to the Board
- Board processes
- Governance – Board risk management & internal controls
- Board accountability
- Access to top management
- Standards of conduct
- Board committees' performance in relation to discharging their responsibilities set out in their respective terms of reference

To assess the contribution of each individual Director, each Director is required to complete the Director Peer Performance Evaluation Form. The factors evaluated by the NC include but are not limited to:

- Attendance in meetings
- Adequacy of preparation for meetings
- Participation in discussions
- Contribution to the effectiveness of internal financial controls and risk management

The performance criteria do not change from year to year. Directors can also provide input on issues which do not fall under these categories, for instance, addressing specific areas where improvements can be made. Feedback and comments received from the Directors are reviewed by the NC, in consultation with the Chairman of the Board, to determine the actions required to improve the corporate governance of the Company and the overall effectiveness of the Board.

# Corporate Governance Report

The NC is generally satisfied with the results of the board performance for the financial year ended 31 December 2021, which indicated areas of strengths and those that could be improved further. The NC, with the concurrence of the Executive Chairman and the Board, is of the opinion that the Board has met its performance objectives. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further.

The Board has not engaged any external consultant to conduct an assessment of the effectiveness of the Board and the contribution by each individual Director to the effectiveness of the Board. However, the NC will consider such an engagement, if and when necessary.

## (B) REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

#### *Principle 6*

***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.***

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Directors and the key management personnel.

The RC, regulated by a set of written terms of reference, comprises the following three members, all of whom, including the Chairman, are Independent and Non-Executive Directors:

Mr Teo Chee Seng (Chairman)  
Mr Tan Jee Ming  
Mr Poon Hon Thang

The RC is responsible for the following under its terms of reference:

- recommending to the Board, in consultation with the Executive Chairman, for endorsement, a comprehensive remuneration policy framework and guidelines for computation of Directors' fees, as well as remuneration of the Executive Chairman and the key management personnel. For the Executive Chairman and the key management personnel, the framework covers all aspects of executive remuneration (including but not limited to Directors' fees, salaries, allowances, benefits-in-kind, bonuses, incentive payments and share options or other share awards);
- in the case of service agreements, reviewing the Company and the Group's obligations arising in the event of termination of the Executive Chairman and key management personnel's service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous with a view to be fair and avoid rewarding poor performance;
- approving performance targets for assessing the performance of each of the key management personnel and recommend such targets as well as employee specific remuneration packages for each of such key management personnel as well as each Director, for endorsement by the Board;
- periodically considering and reviewing remuneration packages in order to maintain their attractiveness, to retain and motivate (a) the Directors to provide good stewardship of the Company and (b) key management personnel to manage the Company and the Group and to align the level and structure of remuneration with the long-term interest and risk policies of the Group, such as through the participation in the respective options plans, share plans and/or other equity based plans (collectively, the "**share plans**") implemented or that may be implemented by the Group;

# Corporate Governance Report

- administering the performance bonus scheme and share-based schemes for the employees of the Group, in particular, the Soilbuild Construction Employee Share Option Scheme and Soilbuild Construction Performance Share Plan (“PSP”); and
- ensuring that, to the extent applicable, all provisions regarding disclosure of remuneration as set out in the Code are fulfilled.

In setting remuneration packages, the employment and pay conditions within the industry and in comparable companies are taken into consideration. Where necessary, the RC will seek both internal and external expert advice on the remuneration of Directors and key management personnel. The remuneration policy recommended by the RC is submitted for approval by the Board. No external remuneration consultants were engaged for the financial year ended 31 December 2021.

During the financial year ended 31 December 2021, the RC made recommendations regarding the framework of remuneration for the Directors and submitted them for endorsement by the entire Board. The RC’s recommendations covered all aspects of remuneration, including but not limited to the Directors’ fees, salaries and benefits-in-kind. In setting remuneration packages, the RC has taken into account the key performance targets of the Group, comprising both qualitative and quantitative targets, as well as the key performance indicators of individual Directors and key management personnel in order to align their interests with those of the shareholders and to promote the long-term success of the Company, linking their remuneration to corporate and individual performance. In the course of deliberations, the RC has taken into consideration industry practices and norms in compensation. The RC has also reviewed the remuneration of key management personnel during the year under review. No Director was involved in deciding his own remuneration.

The RC has had two meetings during the financial year ended 31 December 2021. The matrix on the frequency of meetings and the attendance of Directors at these meetings is disclosed on page 28 of this Annual Report.

## Level and Mix of Remuneration

### *Principle 7*

***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.***

The Company has adopted the objectives as recommended by the Code to determine the framework and levels of remuneration for Directors and key management personnel so as to ensure that the Company sets an appropriate level of remuneration to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel needed to run the Group successfully for the long-term, without being excessive.

The component parts of remuneration are structured so as to link rewards to the performance of the Group, the respective business units and individual performance, and to align the interests of the Directors and key management personnel with those of shareholders. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and time spent by the particular Non-Executive Director concerned. The Non-Executive Directors are not over-compensated to the extent that their independence may be compromised.

Remuneration paid/payable to the Executive Chairman is determined by the Board after considering the performance of the relevant Executive Chairman and the Company against comparable organisations. The fees paid/payable to Non-Executive Directors take into account factors such as effort and time spent and responsibilities of these Directors. Each Director is paid a basic fee. In addition, Non-Executive Directors who serve as members of the Board Committees are paid additional fees, with the Chairman of each Board Committee being paid a higher fee in view of the heavier responsibilities carried by that office.



# Corporate Governance Report

The Company has a service agreement with Mr Lim Chap Huat, which commenced on 1 January 2022 and lasts for a period of three (3) years, unless otherwise terminated by not less than six (6) months' notice in writing by either party.

The total remuneration package of the Executive Chairman and key management personnel comprises a fixed cash component, annual performance incentive and long-term incentive. The annual fixed cash component comprises the annual basic salary, statutory employer's contributions to the Central Provident Fund and other fixed allowances. The annual performance incentive is tied to the performance of the Group, business unit and individual employee. To align the interests of the Directors and executives of the Group with the interests of shareholders, the Group also has adopted the Soilbuild Construction Employee Share Option Scheme and the PSP. Further details on the Soilbuild Construction Employee Share Option Scheme and the PSP are presented under the "Directors' Statement" section of this Annual Report.

During the financial year ended 31 December 2021, there were no share awards under the PSP granted to the Executive Chairman and key management personnel. As at 1 January 2021, the share awards granted in prior financial years are nil.

The RC has reviewed the level and mix of remuneration for the Executive Chairman during the financial year ended 31 December 2021 as well as that of the key management personnel (other than the Directors) of the Company to ensure that the levels and mix are appropriate to attract, retain and motivate the required talents for the Group and are sufficiently linked to performance. While the remuneration components are regularly benchmarked against those of comparable companies, the RC remains mindful that there is a general correlation between increased remuneration and performance improvements.

The RC is of the view that it is currently not necessary to have contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Chairman and key management personnel in exceptional circumstances of misstatement of financial statements, or misconduct resulting in financial loss to the Company.

In view of the competitive and challenging operating environment for the Group, as well as the significant financial impact and uncertainties resulted from the Covid-19 pandemic during the financial year ended 31 December 2021, (i) the Executive Chairman, Mr Lim Chap Huat has voluntarily lowered his annual basic salary by approximately S\$396,000 (FY2020 : S\$413,500) or approximately 76.7% (FY2020 : 80.1%) compared to his entitlement as per the service agreement and has also waived his annual performance incentives for the financial year ended 31 December 2021. (ii) all Directors had voluntarily waived 50.0% of their director's fee entitlement, which amounted to approximately S\$150,000 in aggregate, for the financial year ended 31 December 2021.

The Non-Executive Directors do not have service agreements and are required to seek nomination and re-election at regular intervals. The Non-Executive Directors and the Independent Directors are remunerated under a framework of basic fees for serving on the Board and Board Committees. The Executive Chairman of the Board also receives a nominal fee. If the Non-Executive Director occupies a position for part of the financial year, the fees payable will be pro-rated accordingly. No compensation is payable for the early termination of a Non-Executive Director. The Directors' fees for Directors are subject to the approval of shareholders at the Annual General Meetings ("**AGM**").

No Director was involved in deciding his own remuneration.

# Corporate Governance Report

## Disclosure on Remuneration

### Principle 8

*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.*

The following information relates to the level and mix of remuneration of the Directors and key management executives (other than Directors) of the Group during the financial year ended 31 December 2021:

Name of Directors	Fee S\$'000	Salaries S\$'000	Variable/ Performance bonus S\$'000	Benefits-in- kind <sup>1</sup> S\$'000	Long-term incentives S\$'000	Total S\$'000
<b>Executive Chairman :</b>						
Mr Lim Chap Huat <sup>2</sup>	35 <sup>3</sup>	120	– <sup>3</sup>	5	– <sup>4</sup>	160
<b>Non-executive Director:</b>						
Ms Lim Cheng Hwa	20 <sup>3</sup>	–	–	–	–	20
<b>Independent Directors:</b>						
Mr Poon Hon Thang	35 <sup>3</sup>	–	–	–	–	35
Mr Tan Jee Ming	30 <sup>3</sup>	–	–	–	–	30
Mr Teo Chee Seng	30 <sup>3</sup>	–	–	–	–	30

Name of key management personnel	Salaries %	Variable/ Performance bonus %	Benefits-in- kind <sup>1</sup> %	Long-term incentives %	Total %
<b>S\$250,000 to below S\$500,000</b>					
<b>CEO</b>					
Mr Ganessaraj S/O Soocelaraj	85	5	10	– <sup>4</sup>	100
<b>CEO, Construction</b>					
Mr Tan Hee Wee <sup>5</sup>	86	8	6	– <sup>4</sup>	100
<b>Below S\$250,000</b>					
<b>Key Management Personnel</b>					
Mr Chua Meng Kim	81	7	12	– <sup>4</sup>	100
Mr Ho Chan Teck, Patrick	85	4	11	– <sup>4</sup>	100
Mr Ng Kwoon Hong	86	4	10	– <sup>4</sup>	100
Mr Sim Teck Wui	83	6	11	– <sup>4</sup>	100
Mr Ngwe Zaw	73	6	21	– <sup>4</sup>	100
Mr Lim Thiam Lay	79	9	12	– <sup>4</sup>	100
Mr Toh Yiqiang	83	7	10	– <sup>4</sup>	100
<i>Resigned key management personnel</i>					
Mr Wong Yoon Thim <sup>6</sup>	88	–	12	– <sup>4</sup>	100

# Corporate Governance Report

1. Benefits-in-kind is inclusive of Central Provident Fund contribution and fixed allowances, if any.
2. Mr Lim Chap Huat's total remuneration for FY2021 amounted to approximately S\$160,000 (2020: S\$143,000). As mentioned in the above, Mr Lim Chap Huat has continued to voluntarily receive a lower monthly salary during the financial year ended 31 December 2021.
3. Due to the competitive and challenging operating environment, as well as the significant financial impact and uncertainties resulting from the COVID-19 pandemic, all Directors had voluntarily waived 50% of their directors' fee entitlement and the Executive Chairman has also waived his annual performance incentives for the financial year ended 31 December 2021.
4. Considering the challenging market conditions in the Singapore construction industry, there were no long-term incentives granted to the Executive Chairman and the key management personnel.
5. Key management personnel who resigned during the financial year ending 31 December 2022.
6. Key management personnel who resigned during the financial year ended 31 December 2021.

There were no termination, other retirement and post-employment benefits paid to the Directors and key management personnel of the Group during the financial year ended 31 December 2021.

The aggregate total remuneration paid to top ten key management personnel, inclusive of those resigned key management personnel and who are not Directors, amounted to approximately S\$2,135,000 for the financial year ended 31 December 2021.

Although Provision 8.1 (a) of the Code recommends the disclosure of the amounts and breakdown of remuneration of the CEO and Provision 8.1 (b) recommends the disclosure of remuneration paid to each individual key management personnel in bands no wider than S\$250,000, the Board believes that disclosure in such detail may be prejudicial to the business interest of the Group given the highly competitive environment it is operating in as well as competitive pressures in the market.

Other than Mr Lim Chap Huat, there are no employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during FY2021.

## **Soilbuild Construction Employee Share Option Scheme and Soilbuild Construction Performance Share Plan**

The Company adopted the following share incentive schemes on 9 May 2013 to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty:

- An employee share options scheme known as the "Soilbuild Construction Employee Share Option Scheme"; and
- A performance share plan known as the "Soilbuild Construction Performance Share Plan"; collectively, the "Share-Based Incentive Plans".

The Share-Based Incentive Plans are administered by the RC. During FY2021, there were no share options granted or share awards under the Soilbuild Construction Share Option Scheme and Soilbuild Construction Performance Share Plan. Further details on the Soilbuild Construction Employee Share Option Scheme and Soilbuild Construction Performance Share Plan are presented under the "Directors' Statement" section of this Annual Report.

# Corporate Governance Report

## (C) ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

#### *Principle 9*

***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.***

The Board recognises the importance of having a sound system of risk management and internal controls for good corporate governance. The Board affirms its overall responsibility for the oversight of management in the design, implementation and monitoring of the Group's system of risk management and internal controls, including financial, operational, compliance, sustainability and information technology controls, and risk management policies and systems to safeguard shareholders' interest and maintain accountability of its assets, and for reviewing the adequacy and integrity of those systems on an annual basis. However, due to the inherent nature of risk management and control systems, it should be noted that such systems are meant to provide reasonable and not absolute assurance against material misstatement of loss, safeguarding of assets, maintenance of proper accounting records, reliability of financial information and compliance with relevant legislation.

The Group has adopted a balanced risk approach that spans across the organisational structure, from the Board to all operating business units. In this way, risks can be assessed and managed across the Group by leveraging on the expertise within each business unit and the sharing of best practices.

While the Board has overall responsibility for establishing the objectives and underlying principles of risk management for the Group, the AC is tasked with providing an oversight for the entire risk management system, including the setting up of risk management strategies, regularly enhancing the risk management assessments and processes, reviewing its comprehensiveness and effectiveness, business continuity planning as well as guiding Management in the formulation of risk policies, procedures and processes to prioritise, manage, mitigate and monitor risks arising from its business. The AC also ensures that adequate resources and expertise are available and allocated for the risk management process and evaluates the need to engage independent external advisers to supplement such efforts.

The AC has set up a risk management team, comprised mainly of key management personnel and led by the CEO, to establish and implement the Group's overall risk management framework. Key indicators of such risks will be monitored and reported on a regular basis to the AC and the Board. Where necessary, these will also be circulated outside of the regular Board and AC meetings. Each business unit also identifies the risks pertaining to the respective units and is accountable for the integration and embedding of risk management into their business operations and processes.

The Group's internal and external auditors conduct an annual review of the effectiveness of the Group's material internal controls, including internal financial controls, operational and compliance controls. Any material noncompliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect.

During the financial year ended 31 December 2021, the AC and the Board have reviewed the adequacy and effectiveness of the Group's risk management procedures and internal controls established by the Management and the regular audits, monitoring and reviews performed by the internal and external auditors. Based on the above, the Board, with the concurrence of the AC, is satisfied that the Group's risk management system and internal controls, including financial, operational, compliance, sustainability and information technology controls, are effective and are adequate to meet the needs of the Group in its current business environment.

The Board and the AC have received assurance from the CEO and the FC 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 the key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

# Corporate Governance Report

The Board, together with the AC and Management, will continue to enhance and improve the existing risk management and internal control framework to identify and mitigate any relevant risks.

Following the close of financial year end FY2021, international bodies and national governments have imposed sanctions with the aim of achieving foreign policy or national security goals. Although the Group has principal place of business outside Singapore with customers overseas, none of the Group's person or entity is exposed to sanctions-related risks. The Board has confirmed that there has been no material change in the Group's risk of being subject to any Sanctions Law. The Board's comment as aforementioned on the adequacy and effectiveness of internal controls and risk management systems included consideration related to any sanctions-related risk.

In view of the changes in the risk appetite taking into consideration sanctions-related risk, the terms of reference of the risk management team will be reviewed in due course. The Board and AC will be responsible for (a) monitoring the issuer's risk of becoming subject to, or violating, any Sanctions Law; and (b) ensuring timely and accurate disclosures to SGX and other relevant authorities.

## **Audit Committee**

### ***Principle 10***

#### ***The board has an Audit Committee ("AC") which discharges its duties objectively.***

The AC, regulated by a set of written terms of reference, comprises the following three members, all of whom, including the Chairman, are Independent and Non-Executive Directors:

Mr Poon Hon Thang (Chairman)  
Mr Tan Jee Ming  
Mr Teo Chee Seng

The members of the AC are appropriately qualified to discharge their responsibilities. The AC Chairman has recent and relevant accounting or related financial management expertise or experience. The other two members of the AC have many years of experience in business management and finance services and have gone through trainings for the development of the relevant financial management skills which enable them to discharge their duties and obligations in the AC.

The AC meets at least two times a year, as and when deemed appropriate to carry out its function.

The AC has had three meetings during the financial year ended 31 December 2021. The matrix on the frequency of the meetings and the attendance of Directors at these meetings is disclosed on page 28 of this Annual Report. The meetings were also attended by the Executive Chairman, Non-Executive Directors, the CEO and some key management personnel, as well as the internal and external auditors.

The AC has explicit authority from the Board to investigate any matter within its terms of reference. It has unrestricted access to any information pertaining to the Group, full access to the internal and external auditors, and all employees of the Group, and has full discretion to invite any Director or executive officer to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly and is also authorised by the Board to obtain external legal or other independent professional advice when necessary and at the expense of the Group.

The AC was briefed at the AC meeting by the External Auditor on changes in Financial Reporting Standards which are relevant to the Group's businesses. This allows the AC to keep abreast of accounting standards and issues which have a direct impact on financial statements.

# Corporate Governance Report

The AC is responsible for the following under its terms of reference:

- reviewing the external auditor's audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls, as well as the assistance given by Management to the external auditor, and reviewing and assessing the annual internal audit plan;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management systems;
- reviewing the procedures to ensure co-ordination between internal and external auditors, co-operation from Management and assistance given to facilitate their respective audits and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the internal and external auditors may wish to discuss (in the absence of Management, where necessary);
- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance, e.g. the half-yearly and full year financial results announcements of the Group, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and other relevant statutory or regulatory requirements;
- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have material impact on the Company's operating results or financial position;
- reviewing annually the cost effectiveness, scope and results of the audit and the independence, objectivity and performance of the external auditors and reviewing the adequacy and effectiveness of the internal audit function;
- reviewing arrangements under which staff of the Group may in confidence, raise concerns about possible wrongdoing in financial reporting or, other matters;
- nominating and reviewing the appointment or re-appointment of the external auditors and the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced, and matters relating to the resignation or dismissal of the auditors, if any;
- approving the remuneration and terms of engagement of the external auditors and the hiring, removal, evaluation and compensation of the internal auditors;
- reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- reviewing conflicts or potential conflicts of interest, if any, and ensuring that appropriate measures are put in place to mitigate such conflicts of potential conflicts;
- reviewing the assurance from the CEO and the FC on the financial records and financial statements; and
- reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC has met with the Group's internal and external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that effective internal control and risk management system are maintained in the Group.

# Corporate Governance Report

During the financial year ended 31 December 2021, the AC has carried out its functions which included the following:

- reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits;
- met up with the Group's internal and external auditors without the presence of Management to discuss their findings set out in their respective reports to the AC. Both the internal and external auditors have confirmed that they had access to and received full co-operation and assistance from Management and no restrictions were placed on the scope of auditors;
- reviewed and approved the consolidated statement of comprehensive income, statements of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and auditors' reports (including key audit matters and matters involving difficult or complex auditors' judgements); and
- conducted a review of the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination.

## *External Auditors*

The Company has engaged PricewaterhouseCoopers LLP as its external auditor, to audit the accounts of the Company and its subsidiaries. The report of the external auditor is set out in the Independent Auditor's Report section of this Annual Report.

During the financial year ended 31 December 2021, the aggregate amount of fees paid to the external auditors amounted to S\$287,000, comprising S\$234,000 in audit fees and S\$53,000 in non-audit fees.

The AC has conducted a review of all the non-audit services provided by the external auditors for the financial year ended 31 December 2021, which pertained mainly to the Company's income tax advisory services and other advisory services. In the AC's opinion, the provision of such non-audit services does not affect the independence and objectivity of PricewaterhouseCoopers LLP as the external auditor.

The external auditor submitted its audit quality indicators to the AC for consideration. After considering the audit quality indicators and the adequacy of the resources and experience of the current auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the particular audit, the AC has recommended the re-appointment of PricewaterhouseCoopers LLP as the external auditor for the Company at the forthcoming AGM.

In relation to its appointment of auditing firms, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual, as PricewaterhouseCoopers LLP has been appointed as the external auditor for the Company as well as the Company's Singapore incorporated subsidiaries.

# Corporate Governance Report

No former partner or Director of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of his ceasing to be a partner of the auditing firm or Director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation, was appointed to the AC.

## *Whistle-blowing Policy*

The Group has put in place a whistle-blowing programme ("**Whistle-blowing Policy**") which provides well-defined and accessible channels in the Group through which employees, suppliers, sub-contractors and vendors may in confidence, raise concerns about possible wrongdoing in financial reporting, fraudulent activities, malpractices or improper conduct within the Group, in a responsible and effective manner. The Whistle-blowing Policy and procedures for raising such concerns under the Whistle-blowing Policy were publicly disclosed as appropriate.

Whistle-blowing Policy were publicly disclosed as appropriate. Reporting can be done by writing through email to [ac@soilbuild.com](mailto:ac@soilbuild.com).

The AC serves as the independent function responsible for oversight and monitoring of whistle-blowing and will investigate reports made in good faith. The Company is committed to ensure whistle-blowers who submit complaints or reports in good faith are protected against any discrimination, retaliation or harassment.

Significant matters passed through the whistle blowing channel are reported to the Board.

## *Internal audit*

The internal audit function is independent and reports directly to the AC on audit matters and to the Executive Chairman and the CEO on administrative matters. The internal auditor assists the AC in ensuring that the Company maintains a sound system of internal controls through regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular audits of high-risk areas. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company. The AC approves the hiring, removal, evaluation and compensation of the Internal Audit resources. The Company does not separately have a head of internal audit function to whom the internal auditor reports.

The AC also reviewed and approved the internal auditor's plan during the AC meeting of each financial year to ensure that the scope of the internal auditor's plan is adequate and covers the reviewing of the significant internal controls of the Group, including financial, operational, compliance, sustainability and information technology controls. Audits were carried out on all significant business functions of the Group and all internal audit findings and reports were submitted to the AC for deliberation with copies of these reports extended to the Executive Chairman, the CEO, and the relevant key management personnel. The internal auditor's summary of findings and recommendations are discussed at the AC meetings.

The Group has outsourced its internal audit function to RSM Risk Advisory Pte Ltd, a professional company with qualified accountants specialised in providing management consultancy and internal audit services, which meets the standards set by international recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors for FY2021. The engagement team of RSM Risk Advisory Pte Ltd, in providing internal audit services to the Company, is led by Mr Dennis Lee, a Chartered Accountant of Singapore and Certified Public Accountant, Australia, who has extensive experience in the related field.



# Corporate Governance Report

The engagement of RSM Risk Advisory Pte Ltd, including the internal audit plan, the scope of the internal audit, the internal audit work and the internal audit report thereon, the engagement team and the relevant experience of the engagement team, have been reviewed by the AC to ensure the internal audit function is independent, effective and adequately resourced. In FY2021, the AC has met up with the engagement team of RSM Risk Advisory Pte Ltd without the presence of the management. Following such review and meeting, the AC is satisfied that the internal audit function is independent, effective and adequately resourced, and has provided its comments and recommendations to the Board.

The Board also has reviewed the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems and is satisfied that the team is adequately resourced and has appropriate standing within the Group.

## **(D) SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES**

### **Shareholder Rights and Conduct of General Meetings**

#### *Principle 11*

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

### **Engagement with shareholders**

#### *Principle 12*

*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.*

## **(E) MANAGING STAKEHOLDERS RELATIONSHIPS**

### **Engagement with stakeholders**

#### *Principle 13*

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

The Group values dialogue with its shareholders and believes in regular, effective and fair communication with them, and is committed to hearing their views and addressing their concerns where possible. The Group adopts the practice of regularly communicating major developments in its business and operations through SGXNET and news releases.

Relevant key management personnel are tasked to deal with all investor relations (“IR”) matters of the Group, including managing the dissemination of corporate information to the media, institutional investors and public shareholders and facilitating effective, regular and fair communication with such parties. Contact details of the Group’s IR representative are also provided in the news releases and on the Group’s website, <http://www.soilbuildconstruction.com>.

# Corporate Governance Report

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Half-yearly and full year results as well as the annual reports are announced or issued within the mandatory period. However, any information that may be regarded as undisclosed material information about the Group will not be given. The Group issues announcements and news releases on an immediate basis where required under the SGX-ST Listing Manual. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that the stakeholders and the public have fair access to the information.

Briefings and meetings for analysts and the media when appropriate generally coincide with the release of the Group's half-yearly and full year results. Presentations are made, as appropriate, to explain the Group's strategies, performance and major developments.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. In light of the financial performance of the Company for the financial year ended 31 December 2021, and cash preservation and financing of operations being key considerations, the Board has not proposed any dividend for the financial year ended 31 December 2021.

The Group believes in encouraging shareholder participation at general meetings. All shareholders of the Group receive the annual report, circulars and notices of all shareholders' meetings. The notices are advertised in the newspapers and made available on both SGXNET and the Company's website.

In view of the Covid-19 situation, the Company's forthcoming AGM for the financial year ended 31 December 2021 will be held through electronic means. Although shareholders will not be able to ask questions during the live webcast at the meetings, the Company encourages shareholders to register and put forth any questions they may have in advance of the meetings. Shareholders may raise questions or share their views regarding the proposed resolutions as well as the Company's businesses and affairs with the Company. The Chairman of the Board and Chairman of the respective Audit, Nominating and Remuneration Committees, the CEO and appropriate key management personnel as well as the Company's auditor, will provide answers to Shareholders' queries received by the Company.

At the forthcoming AGM, a shareholder will not be able to attend the meetings in person. Instead, alternative arrangements have been put in place to allow shareholders to participate in the AGM by:

- (a) watching or listening to the live meeting webcast proceedings;
- (b) submitting questions in advance of the meetings; and/or
- (c) appointing the Chairman of the meetings as proxy to attend, speak and vote on their behalf at the AGM.

The Company ensures that sufficient explanations of all resolutions are included in the notice of the annual general meeting. Separate resolutions will be proposed for each substantially separate issue. This is consistent with the Code's recommendation that companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution.

All shareholders have the opportunity to participate effectively in and vote at general meetings.

The voting results of each of the resolutions tabled are announced on the same day after the meeting. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNET.

The proceedings of the general meeting will be properly recorded, including substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. Minutes of such meetings will be published on the Company's corporate website as soon as practicable.

# Corporate Governance Report

The Board is not implementing absentia voting methods by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactory resolved. Accordingly, the Company's Constitution does not currently allow for such absentia voting methods at general meetings of shareholders.

The Board has regularly engaged its stakeholders through various channels to ensure that the mutual interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve quality of the deliverables, as well as to sustain the Group's business operations for long-term growth. The Company maintains a current corporate website to communicate and engage with stakeholders.

Five stakeholders' groups have been identified through an assessment of their significance to the Group's business operations. They are namely, suppliers and sub-contractors, customers, employees, community and regulators.

The Board has undertaken a process to determine the environmental, social and governance ("ESG") issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually. We look forward to updating our stakeholders on our Sustainability Report and welcome their feedback.

## **(F) OTHER CORPORATE GOVERNANCE MATTERS**

### **Dealing in Securities**

Pursuant to Rule 1207(19) of the SGX-ST Listing Manual regarding compliance with best practices in respect of dealings in securities, the Group has adopted an internal code of conduct which prohibits the Directors and key management personnel of the Group and their connected persons from dealing in the Company's shares during the "black-out" period commencing one month immediately preceding the announcement of the Company's half-yearly and full year financial statements (if the Company does not announce quarterly financial statements), or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors, key management personnel and their connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading periods. They are also discouraged from dealing in the Company's shares on short-term considerations.

### **Material Contracts**

Pursuant to Rule 1207(8) of the SGX-ST Listing Manual, the Company confirms that there were no material contracts of the Group involving the interests of any Director or controlling shareholder, either still subsisting at the end of the financial year ended 31 December 2021 or if not then subsisting, entered into since the end of the financial year ended 31 December 2021.

### **Interested Person Transactions**

The Company has adopted an internal policy governing procedure for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC at its meetings to ensure that such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the minority shareholders.

The AC with the concurrence of the Board has confirmed that no other interested person transactions have been entered into during the financial year ended 31 December 2021, save for those disclosed below pursuant to the disclosure under Rule 920 of the SGX-ST Listing Manual:

# Corporate Governance Report

NAME OF INTERESTED PERSON	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
<b>Construction contracts awarded during the financial year:</b>		
SB (Gambas) Investment Pte Ltd	-	48,500
SB (17KJ) Investment Pte Ltd	-	14,800
<b>Rental of office</b>		
Soilbuild Group Holdings Ltd.		
- Received and receivable	-	229

## Non-Competition Deeds

As disclosed in the Company's prospectus dated 17 May 2013, to mitigate the potential conflicts of interest arising from Mr Lim Chap Huat's directorships in both Soilbuild Group Holdings Ltd and the Company as well as Ms Lim Cheng Hwa's directorships in both Soilbuild Group Holdings Ltd and the Company, Soilbuild Group Holdings Ltd. entered into a non-competition deed with the Company ("Parent Non-Competition Deed"). In addition to the Parent Non-Competition Deed, Mr Lim Chap Huat has a non-competition provision in his service agreement with the Company ("Service Agreement") which is similar to the scope of the Parent Non-Competition Deed. Mr Lim has also provided a personal non-competition deed ("Personal Non-Competition Deed"), with the same terms and substance as the non-competition provision in his Service Agreement, which shall be in force for so long as he is a Director or controlling shareholder of the Company.

The Board had received and noted the written confirmations of adherence to the terms and conditions of each of the Parent Non-Competition Deed from Soilbuild Group Holdings Ltd. and the Personal Non-Competition Deed from Mr Lim Chap Huat.

# Directors' Statement

For the financial year ended 31 December 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the balance sheet of the Company as at 31 December 2021.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 62 to 129 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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, due to the reasons as stated in Note 2.1.

## DIRECTORS

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

Mr Lim Chap Huat  
Ms Lim Cheng Hwa  
Mr Poon Hon Thang  
Mr Tan Jee Ming  
Mr Teo Chee Seng

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "**Share plans**" in this statement.

# Directors’ Statement

For the financial year ended 31 December 2021

## DIRECTORS’ INTERESTS IN SHARES OR DEBENTURES

- (a) According to the register of directors’ shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares, debentures or warrants of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2021	At 1.1.2021	At 31.12.2021	At 1.1.2021
<b>Company</b>				
<u>(No. of ordinary shares)</u>				
Mr Lim Chap Huat	627,650,759	627,650,759	2,731,700	2,731,700
Ms Lim Cheng Hwa	250,000	250,000	–	–
Mr Tan Jee Ming	300,000	300,000	–	–
Mr Teo Chee Seng	250,000	250,000	–	–
<u>(No. of warrants)</u>				
Mr Lim Chap Huat	135,090,544	259,498,264	–	–
Ms Lim Cheng Hwa	50,000	100,649	–	–
Mr Tan Jee Ming	–	75,974	–	–
Mr Teo Chee Seng	50,000	100,649	–	–

- (b) According to the register of directors’ shareholdings, none of the directors holding office at the end of the financial year were granted contingent awards of performance shares pursuant to the Soilbuild Construction Performance Share Plan, details of which are set out below and under “**Share Plans**” in this statement.
- (c) Mr Lim Chap Huat, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company’s wholly owned subsidiaries.
- (d) The directors’ interests in the ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

# Directors' Statement

For the financial year ended 31 December 2021

## SHARE PLANS

The Remuneration Committee (“**RC**”) comprises the following directors and is responsible for administering the Soilbuild Construction Employee Share Option Scheme and the Soilbuild Construction Performance Share Plan:

Mr Teo Chee Seng (Chairman)  
Mr Poon Hon Thang  
Mr Tan Jee Ming

### (a) Soilbuild Construction Employee Share Option Scheme

The Soilbuild Construction Employee Share Option Scheme (“**Scheme**”) was approved by members of the Company at an extraordinary general meeting (“**EGM**”) held on 9 May 2013. The Scheme will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The number of options to be offered to a participant of the Scheme shall be determined by the RC, which takes into account (where applicable) criteria such as the rank, past performance, years of service and potential for future development of the participant.

Under the Scheme, share options to subscribe for the ordinary shares of the Company may be granted to executive directors and employees of the Group and its associated companies (“**Group Employees**”) and non-executive directors of the Group. Options that are granted under the Scheme may have exercise prices that are, at the RC’s discretion, set at a price (the “**Market Price**”) equal to the average of the last dealt prices for a share on the Official List of the SGX-ST for the five consecutive market days immediately preceding the date on which an offer to grant an option is made or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price (“**Market Price Option**”) may be exercised after the first anniversary of the date on which an offer to grant that option is made while options exercisable at a discount to the Market Price may be exercised after the second anniversary from the date on which an offer to grant that option is made (“**Incentive Option**”).

Options granted under the Scheme will have a life span of 10 years for options granted to Group Employees (other than non-executive directors and/or employees of associated companies) and five years for options granted to non-executive directors and/or employees of associated companies.

The aggregate number of shares over which the RC may grant options on any date, when added to the number of shares issued and issuable or transferred and to be transferred in respect of all options granted under the Scheme and the number of shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) on the day immediately preceding the date on which an offer to grant an option is made.

The Scheme shall continue in operation for a maximum period of ten years commencing from 9 May 2013, and may be continued for any further period thereafter with the approval of our shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Save as provided under the Scheme, the persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company.

No options have been granted under the Scheme since its commencement up to the end of the financial year. Accordingly, there are no share options outstanding as at the end of the financial year.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

# Directors' Statement

For the financial year ended 31 December 2021

## SHARE PLANS (CONTINUED)

### (b) Soilbuild Construction Performance Share Plan

The Soilbuild Construction Performance Share Plan (“**PSP**”) was approved by members of the Company at an EGM held on 9 May 2013. It was established to increase the Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees and non-executive directors to achieve increased performance and to foster a greater ownership culture amongst key senior management, senior executives and non-executive directors.

Awards represent the right of a participant to receive fully paid shares free of charge, provided that certain prescribed performance targets (if any) are met at the expiry of the prescribed performance period. Executive directors and employees of the Group and its associated companies who have attained the age of twenty-one (21) years and hold such rank as may be designated by the RC from time to time (“**Group Executives**”), and non-executive directors (including the Independent Directors) of the Group, shall be eligible to participate in the PSP. Controlling shareholders of the Company or associates of such controlling shareholders are eligible to participate in the PSP if their participation and awards are approved by independent shareholders in separate resolutions for each such person and for each such award.

While the RC has the discretion to grant awards at any time in the year, it is currently anticipated that awards would, in general, be made once a year. The selection of a participant and the number of shares which are the subject of each award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the RC, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, the participant’s contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

Awards granted under the PSP are principally performance-based with performance targets to be set over a performance period and may vary from one performance period to another performance period and from one grant to another grant. Performance targets set by the RC are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance targets and performance periods will be set according to the specific roles of each participant, and may differ from participant to participant. The performance targets are stretched targets aimed at sustaining long-term growth. These targets will be tied in with our Company’s corporate key performance indicators. The RC has the discretion to impose a further vesting period after the performance period to encourage participants to continue serving the Group for a further period of time.

As soon as reasonably practicable after the end of each performance period, the RC shall review the performance targets specified in respect of each award and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that the relevant participant has continued to be a Group executive or a non-executive director up to the end of the performance period, shall release to the relevant participant all or part (as determined by the RC at its discretion in the case where the RC has determined that there has been partial satisfaction of the performance target) of the shares to which the relevant award relates in accordance with the release schedule specified in respect of the relevant award.

The RC shall have the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the RC shall have the right to make computational adjustments to the audited results of our Company or our Group, to take into account such factors as the RC may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the RC decides that a changed performance target would be a fairer measure of performance.



# Directors' Statement

For the financial year ended 31 December 2021

## SHARE PLANS (CONTINUED)

### (b) Soilbuild Construction Performance Share Plan (continued)

The total number of shares which may be issued or transferred pursuant to awards granted under the PSP, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years commencing from 9 May 2013, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

There are no outstanding performance share awards granted as at 31 December 2021 and 31 December 2020.

There are no performance share awards granted during the financial year ended 31 December 2021 and 31 December 2020.

Other than Mr Lim Chap Huat, none of the participants in relation to the PSP Awards are controlling shareholders of the Company and their associates and none of the participants have received 5% or more of the total number of shares under the PSP.

## AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Poon Hon Thang (Chairman)  
Mr Tan Jee Ming  
Mr Teo Chee Seng

All members of the Audit Committee were non-executive and independent directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

# Directors' Statement

For the financial year ended 31 December 2021

## **INDEPENDENT AUDITOR**

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

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Lim Chap Huat  
Director

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Lim Cheng Hwa  
Director

25 March 2022

# Independent Auditor's Report

To the Members of Soilbuild Construction Group Ltd.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

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

### What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2021;
- the balance sheets of the Group and the Company as at 31 December 2021;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

### Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group 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.

### Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### 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 for the financial year ended 31 December 2021. 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

To the members of soilbuild construction group Ltd.

## Our Audit Approach (continued)

*Key Audit Matters (continued)*

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Accounting for construction contracts

*Refer to Note 3(a) (Critical accounting estimates, assumptions and judgements) and Note 13 (Contract assets and liabilities) to the financial statements*

During the financial year ended 31 December 2021, revenue from construction contract amounted to S\$236,284,000 and it represented 91.5% of the total revenue of the Group.

The Group accounts for its contract revenue and contract costs over time by reference to the Group's progress toward completing the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs.

The COVID-19 pandemic has significantly slowed down the progress of the Group's construction projects due to ongoing measures being adopted to address the outbreak during the financial year. The delay may lead to potential liquidated damage claims by customers and costs overrun, resulting in loss-making contracts.

Significant judgement is required to estimate the total construction contract costs, variations or claims recognised as contract revenue, and provision for liquidated damages that will affect the measure of progress and revenue and profit margins recognised from construction contracts. Accordingly, we have assessed the accounting for construction contracts as a key audit matter.

We performed the following audit procedures to address the key audit matter:

We obtained an understanding of the projects under construction through discussions with management and examination of project documentation (including contracts and correspondences with customers).

In relation to total contract revenue, our audit procedures include the following:

- a. Traced total contract sums to contract and variation orders entered into by the Group and its customers;
- b. Assessed the adequacy of provision for liquidated damages to be net off against contract revenue recognised (where relevant);
- c. Assessed the reasonableness of the revenue recognised via discussion with the project teams and obtaining corroborating evidence such as correspondences with the customers; and
- d. Traced claims for prolongation costs arising from COVID-19 to supporting documents indicating customers' agreement.

In relation to total contract cost, our audit procedures include the following:

- a. Reviewed the actual costs incurred by tracing to supplier invoices or sub-contractor progress billings;
- b. Reviewed management's estimates of total construction costs and cost to complete via the following:
  - i. Substantiated to quotations and contracts entered for sub-contracting costs;
  - ii. Reviewed the estimation of the materials, labour and other construction costs with reference to the progress of the project; and
  - iii. Reviewed the estimation of prolongation costs arising from COVID-19 to be included in the total contract costs; and
- c. Recomputed the measure of progress of the construction contracts which is determined based on the proportion of contract costs incurred to date to the estimated total contract costs.

# Independent Auditor's Report

To the members of soilbuild construction group Ltd.

## Our Audit Approach (continued)

*Key Audit Matters (continued)*

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Accounting for construction contracts (continued)

Based on the audit procedures performed, we have assessed management's estimates to be reasonable.

We also recomputed the cumulative contract revenue and the contract revenue for the current financial year, as well as the amount of provision for foreseeable losses (where relevant) for each project, and traced to the accounting records with no exceptions noted.

We have also assessed the adequacy of disclosures of the key accounting estimates and sensitivity and found the disclosures in the financial statements to be appropriate.

#### Impairment assessment of property, plant and equipment of the Group

*Refer to Note 3(b) (Critical accounting estimates, assumptions and judgements) and Note 18 (Property, plant and equipment) to the financial statements*

As at 31 December 2021, management has identified indications of impairment relating to certain property, plant and equipment ("PPE"), with net book values amounting to \$53,697,000.

We held discussions with management to understand the assessment performed, including impairment indicators identified, cash-generating units ("CGUs") determined and basis of the assumptions used in measuring the recoverable amounts.

Accordingly, an assessment of the recoverable amount of the related PPE was carried out, as disclosed in Note 3(b) to the financial statements.

We assessed the appropriateness of the CGUs which were determined as part of the impairment assessment of PPE.

We focused on the impairment assessment of the PPE because significant judgements are involved in estimating the revenue, gross profit margin, terminal growth rate and discount rate, which are the key inputs used in the computation of the recoverable amount of the related PPE.

We assessed the appropriateness of the key inputs used in measuring the recoverable amounts based on our knowledge of the business and industry, and with involvement of our valuation specialist.

We tested management's source data to supporting evidence such as available market information, historical trends, order books and correspondences, and considered the reasonableness of the cash flow projections.

We evaluated management's sensitivity analysis to assess the impact on the recoverable amount of the related PPE by reasonable possible changes to the key inputs.

Based on the work performed, we found management's assessment to be appropriate. We have also assessed the disclosures in the financial statements in relation to the key accounting estimates and sensitivity and found the disclosures in the financial statements to be appropriate.

# Independent Auditor's Report

To the members of soilbuild construction group Ltd.

## **OTHER INFORMATION**

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

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

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

## **RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS**

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

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

# Independent Auditor's Report

To the members of soilbuild construction group Ltd.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Rebekah Khan.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 25 March 2022

# Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
Revenue	4	258,280	148,937
Cost of sales	5	(253,426)	(173,215)
<b>Gross profit/(loss)</b>		4,854	(24,278)
Other income	7(a)	6,099	10,580
Other gains/(losses) - net	7(b)	962	(623)
Allowance for expected credit losses on financial assets	34(b)	(1,565)	-
Expenses			
- Administrative	5	(7,311)	(6,492)
- Marketing	5	(9)	(10)
- Finance	8	(1,899)	(1,916)
- Others	5	(4,393)	(6,780)
Share of profit of joint ventures	17	-	6
<b>Loss before income tax</b>		(3,262)	(29,513)
Income tax credit	9(a)	635	844
<b>Net loss</b>		(2,627)	(28,669)
<b>Other comprehensive gains/(losses):</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences arising from consolidation		97	(249)
<b>Total comprehensive loss</b>		(2,530)	(28,918)
<b>Net loss attributable to equity holders of the Company</b>		(2,627)	(28,669)
<b>Total comprehensive loss attributable to equity holders of the Company</b>		(2,530)	(28,918)
<b>Loss per share attributable to equity holders of the Company (cents per share)</b>	10		
- Basic		(0.31)	(3.41)
- Diluted		(0.31)	(3.41)

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



# Balance Sheets

As at 31 December 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	16,991	21,818	157	90
Trade and other receivables	12	63,295	62,300	1,823	2,491
Inventories	14	9,182	7,615	-	-
Other current assets	15	3,655	2,326	4	5
		93,123	94,059	1,984	2,586
<b>Non-current assets</b>					
Trade and other receivables	12	16,244	10,556	33,859	25,132
Investments in subsidiaries	16	-	-	91,970	77,870
Investments in joint ventures	17	13	15	-	-
Property, plant and equipment	18	130,368	141,006	-	-
Intangible assets	21	155	331	-	-
Deferred income tax assets	24	2,689	2,089	-	-
		149,469	153,997	125,829	103,002
<b>Total assets</b>		242,592	248,056	127,813	105,588
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	22	83,988	95,591	29,573	21,138
Current income tax liabilities	9(b)	562	920	-	10
Borrowings	25	34,528	29,016	2,234	590
Provision for other liabilities	23	4,418	4,936	-	-
Derivative financial instruments	26	-	663	-	-
		123,496	131,126	31,807	21,738
<b>Non-current liabilities</b>					
Trade and other payables	22	7,214	8,431	-	-
Borrowings	25	61,451	55,670	17,162	4,410
Deferred income tax liabilities	24	132	-	-	-
		68,797	64,101	17,162	4,410
<b>Total liabilities</b>		192,293	195,227	48,969	26,148
<b>NET ASSETS</b>		50,299	52,829	78,844	79,440
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	27	71,553	71,553	71,553	71,553
Capital reserve	28	(1,070)	(1,070)	-	-
Currency translation reserve	29	(313)	(410)	-	-
Warrant reserve	30	-	8,128	-	8,128
(Accumulated losses)/retained profits	31	(19,871)	(25,372)	7,291	(241)
<b>TOTAL EQUITY</b>		50,299	52,829	78,844	79,440

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

# Consolidated Statement of Changes In Equity

For the financial year ended 31 December 2021

	← Attributable to equity holders of the Company →					
	Share capital \$'000	Capital reserve \$'000	Currency translation reserve \$'000	Warrant reserve \$'000	(Accumulated Losses)/ Retained profits \$'000	Total equity \$'000
<b>2021</b>						
<b>Balance as at 1 January 2021</b>	71,553	(1,070)	(410)	8,128	(25,372)	52,829
Loss for the year	-	-	-	-	(2,627)	(2,627)
Other comprehensive income for the year	-	-	97	-	-	97
<b>Total comprehensive income/(loss) for the year</b>	-	-	97	-	(2,627)	(2,530)
Transfer of warrant reserve to retained profits (Note 30)	-	-	-	(8,128)	8,128	-
<b>Balance as at 31 December 2021</b>	71,553	(1,070)	(313)	-	(19,871)	50,299
<b>2020</b>						
<b>Balance as at 1 January 2020</b>	71,553	(1,070)	(161)	8,128	3,297	81,747
Loss for the year	-	-	-	-	(28,669)	(28,669)
Other comprehensive loss for the year	-	-	(249)	-	-	(249)
<b>Total comprehensive loss for the year</b>	-	-	(249)	-	(28,669)	(28,918)
<b>Balance as at 31 December 2020</b>	71,553	(1,070)	(410)	8,128	(25,372)	52,829

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

# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Net loss		(2,627)	(28,669)
Adjustments for:			
- Amortisation of intangible assets		187	214
- Depreciation of property, plant and equipment		11,556	9,820
- (Reversal of impairment loss)/impairment loss on right-of-use assets		(1,262)	1,262
- Allowance for expected credit losses on financial assets		1,565	-
- Interest income		(5)	(23)
- Interest expense		1,899	1,916
- Income tax credit		(635)	(844)
- (Gain)/loss on disposal of property, plant and equipment		(13)	56
- Property, plant and equipment written off		10	135
- Fair value (gain)/loss on derivative financial instruments		(663)	313
- Share of profit of joint ventures		-	(6)
Operating cash flows before working capital changes		10,012	(15,826)
Changes in working capital:			
- Trade and other receivables		(8,248)	34,275
- Other current assets		(1,329)	241
- Inventories		(1,567)	(5,788)
- Trade and other payables		(12,872)	(8,644)
- Provision for other liabilities		(518)	3,730
Cash (used in)/generated from operations		(14,522)	7,988
Income tax paid		(190)	(220)
<b>Net cash (used in)/provided by operating activities</b>		<b>(14,712)</b>	<b>7,768</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(4,371)	(17,075)
Additions of intangible assets		(11)	(27)
Proceeds from disposal of property, plant and equipment		769	184
Government grant relating to property, plant and equipment received		5,317	-
Return of capital on dissolution of a joint venture		-	15
Dividend received from a joint venture		2	16
Interest received		5	23
<b>Net cash provided by/(used in) investing activities</b>		<b>1,711</b>	<b>(16,864)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank loans	25	41,566	35,434
Repayment of bank loans	25	(41,106)	(26,304)
Proceeds from shareholder's loan	25	10,000	-
Principal repayment of lease liabilities	25	(854)	(323)
Interest paid	25	(1,858)	(1,872)
<b>Net cash provided by financing activities</b>		<b>7,748</b>	<b>6,935</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,253)</b>	<b>(2,161)</b>
Cash and cash equivalents at beginning of financial year	11	21,818	24,154
Effects of currency translation on cash and cash equivalents		426	(175)
<b>Cash and cash equivalents at end of financial year</b>	11	<b>16,991</b>	<b>21,818</b>

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

# Notes to The Financial Statements

For the financial year ended 31 December 2021

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

## 1. GENERAL INFORMATION

Soilbuild Construction Group Ltd. (the "Company") is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is incorporated and domiciled in Singapore. The address of its registered office is 23 Defu South Street 1, Singapore 533847. The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 16.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### Going concern

The Group incurred a loss of \$2,627,000 (2020: \$28,669,000) during the financial year ended 31 December 2021. In addition, the Group's and the Company's current liabilities exceed its current assets by \$30,373,000 (2020: \$37,067,000) and \$29,823,000 (2020: \$19,152,000) respectively as at 31 December 2021.

The financial statements have been prepared on a going concern basis due to the following reasons:

- (a) Based on the Group's cashflow forecast prepared by management and approved by the Board of Directors for the next twelve months, the Group will be able to pay its debts as and when they fall due. The losses incurred in 2021 and 2020 were mainly due to the adverse impact of Covid-19 pandemic on the Group's construction and precast manufacturing operations. The Group has a strong order book amounting to \$365,840,000 as at 31 December 2021 and management expects to generate positive cash flows over the next twelve months from these contracts. In addition, based on the Group's cashflow forecast prepared by management and approved by the Board of Directors for the next twelve months, the Group is expected to meet the cashflow requirements in its normal course of business through its existing and future order book.
- (b) The Group has existing bank facilities which have yet to be utilised amounting to \$38,752,000 as at 31 December 2021 in which it can tap on for its funding requirements. In addition, the Group has existing banking relationships with a number of banks and management expects that the Group will be able to obtain additional funding from the banks when required.
- (c) The Company's current liabilities mainly relate to loans from subsidiaries. Management does not expect that the subsidiaries would demand for repayment of these amounts within the next 12 months once the subsidiaries draw down from the unutilised bank facilities mentioned in (b) subsequent to the financial year end.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS and INT SFRS(I) did not result in substantial changes to the Group's and Company's accounting policies and had no material effects on the amounts reported for the current or prior financial years.

### 2.2 Revenue recognition

#### (a) Construction contracts

The Group performs construction works for customers through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhance an asset that the customer controls as the asset is created or enhanced.

For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

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

Revenue from construction contracts are also adjusted with variations to the contracts claimable from customers, as well as liquidated damages due to delay or other causes, payable to customers.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The customer is invoiced on a milestone payment schedule. If the value of the construction contract services transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the construction contract services transferred, a contract liability is recognised.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition (continued)

#### (a) Construction contracts (continued)

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (e.g. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

#### (b) Sale of precast components

The Group manufactures and produces specialised precast components through fixed-price contracts. Revenue is recognised when the control over the specialised precast components has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the components over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The specialised precast components have no alternative use for the Group due to the customer-specific design of the components that limits the Group's practical ability to readily direct the components to another customer. For these contract, the Group has assessed at contract inception that it does not have an enforceable right to payment for performance completed to date in relation to such goods.

For these contracts where the Group does not have an enforceable right to payment, revenue is recognised only when the completed specialised precast components are delivered to the customers and there is no unfulfilled obligation that would affect the customer's acceptance of the products. Delivery occurs when products have been transferred to the specific location and the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales is recognised based on the price specified in the contract and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present. The credit terms for these sales are generally 30 days.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition (continued)

#### *(b) Sale of precast components (continued)*

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

#### *(c) Sale of mesh*

Revenue is recognised when control of the products has transferred to its customer, being when the products are delivered to the customer and there is no unfulfilled obligation that would affect the customer's acceptance of the products. Delivery occurs when products have been transferred to the specific location and the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present. The credit terms for these sales are generally 30 days.

A receivable (financial asset) is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

#### *(d) Rendering of services*

Revenue from rendering of services is recognised over the period in which the services are rendered.

#### *(e) Rental income*

Rental income from operating leases (net of any incentives given to the lessees) on property, plant and equipment is recognised on a straight-line basis over the lease term.

#### *(f) Interest income*

Interest income is recognised using the effective interest method.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Government grants

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

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

### 2.4 Group accounting

#### (a) Subsidiaries

##### (i) Consolidation

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

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

##### (ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.



# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (continued)

#### (a) Subsidiaries (continued)

##### (ii) Acquisitions

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

##### (iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.8 for the accounting policy on "Investment in subsidiaries and joint ventures" in the separate financial statements of the Company.

#### (b) Joint ventures

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

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

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (continued)

#### (b) Joint ventures (continued)

Investments in joint ventures are derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.8 for the accounting policy on “Investment in subsidiaries and joint ventures” in the separate financial statements of the Company.

### 2.5 Property, plant and equipment

#### (a) Measurement

Freehold land and assets under construction are initially recognised at cost and subsequently carried at cost less accumulated impairment losses. All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.9).

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, except for right-of-use asset for leasehold land whereby the measurement of the cost is as disclosed in Note 2.16.

#### (b) Depreciation

Freehold land and assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land	2 to 72 years
Buildings	20 to 30 years
Plant and equipment (excluding specific molds)	3 to 15 years
Motor vehicles	5 years
Renovation, furniture and equipment	3 to 5 years
Computers	3 years
Containers	3 years

Specific molds which are included in Plant and equipment are depreciated over their estimated useful lives of 12 to 18 months, based on the units of production method.

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

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment (continued)

#### *(c) Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### *(d) Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within other gains/(losses) - net.

### 2.6 Intangible assets

#### *Acquired computer software licences*

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses (Note 2.9). These costs are amortised to profit or loss using the straight-line method over the shorter of their estimated economic life of five years and the licence period.

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

### 2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method, except for those costs that are directly attributable to assets under construction. This include those costs on borrowings acquired specifically for assets under construction, as well as those in relation to general borrowings used to finance assets under construction.

### 2.8 Investment in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses (Note 2.9) in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Impairment of non-financial assets

*Intangible assets*

*Property, plant and equipment*

*Investments in subsidiaries and joint ventures*

Intangible assets, property, plant and equipment and investments in subsidiaries and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

### 2.10 Financial assets

*(a) Classification and measurement*

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

- Amortised cost; and
- Fair value through profit or loss (FVPL).

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

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

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

*At initial recognition*

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

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (continued)

#### (a) Classification and measurement (continued)

##### At subsequent measurement

#### (i) Debt instruments

Debt instruments of the Group mainly comprise of cash and cash equivalents, trade and other receivables and deposits.

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or fair value through other comprehensive income (FVOCI) are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains/(losses) - net".

#### (b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group assesses on forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

#### (c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (continued)

#### (c) Recognition and derecognition (continued)

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

### 2.11 Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Group does not apply hedge accounting for its derivative financial instruments.

### 2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.13 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

### 2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.16 Leases

(a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract 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. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Leases (continued)

(a) When the Group is the lessee: (continued)

- Lease liabilities (continued)

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to 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.

- Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(b) When the Group is the lessor:

Lessor - Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.



# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Costs include all cost of purchase, costs of conversion and other costs in bringing the inventories to their present location and conditions. In the case of manufacturing inventories and work in progress cost includes an appropriate share of production overheads and labour costs based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

### 2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

The Group accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where deferred tax assets are recognised for unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The Group recognises the estimated liability to rectify defects still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of defects.

### 2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) *Defined contribution plans*

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

#### (b) *Short-term compensated absences*

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

#### (c) *Bonus plans*

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to equity holders of the Company after certain adjustments. The Group recognises a provision where the Group is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

#### (d) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of shares is recognised as an expense with a corresponding increase in the share-based compensation reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the performance shares granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under the share-based compensation plan that are expected to be released on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under the share-based compensation plan that are expected to be released on the vesting date and recognises the impact of the revision of the estimates in the statement of comprehensive income, with a corresponding adjustment to the Performance Share Plan reserve over the remaining vesting period.

When the shares are released, the related balance previously recognised in the share-based compensation reserve are credited to share capital account, when new ordinary shares are issued, or to the treasury shares account, when treasury shares are re-issued to the employees.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Currency translation

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within other gains/ (losses) - net.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (c) Translation of Group entities' financial statements

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

### 2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to senior management who are responsible for allocating resources and assessing performance of the operating segments.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and deposits with financial institutions which are subject to an insignificant risk of change in value.

### 2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.25 Warrants

Proceeds from warrants issued that meet the definition of an equity instrument are classified as warrant reserve under equity. Incremental costs directly attributable to the issuance of new warrants are deducted against the warrant reserve.

When the warrants are subsequently exercised for the issuance of new ordinary shares, the proceeds from the warrants issued are reclassified from the warrant reserve to share capital.

When the warrants have expired, the proceeds from the warrants issued are reclassified from the warrant reserve to retained earnings.

### 2.26 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Construction contracts

The Group has significant ongoing construction contracts for building works. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the building works. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Management has to estimate these total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for foreseeable losses is recognised immediately.

Significant judgement is used to estimate these total construction contract costs that will affect the revenue and profit margins recognised from construction contracts. In making the judgement, the Group evaluates and places reliance on past experience, estimates from quantity surveyors and value of work performed as determined by the architects. In assessing the total construction contract costs, management has relied on information currently available as at 31 December 2021. Further resumption, prolongation and acceleration costs may be incurred if the COVID-19 situation persists beyond management's current expectations. Such cost estimation would be revised in the accounting periods where the changes in circumstances arise.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### (a) Construction contracts (continued)

If the estimated total construction cost of uncompleted contracts increase/decrease by 2% (2020: 2%) from management's estimates, the effects on the Group's net loss after tax will be as follows:

	Increase/(Decrease)	
	2021	2020
	\$'000	\$'000
Estimated total construction cost		
- increased by 2% (2020: 2%)	9,927	8,745
- decreased by 2% (2020: 2%)	(8,323)	(8,894)

Significant judgement is also used to estimate variations or claims recognised as contract revenue and provision for liquidated damages that will affect the revenue and profit margins recognised from construction contracts. In making the judgement, the Group evaluates and places reliance on past experience, contractual obligations, estimates from quantity surveyors and value of work performed as determined by the architects.

Customers have a right to claim for liquidated damages under the contractual terms of the contracts if contractual obligations, including completion of the project by a specific date, are not fulfilled.

Due to COVID-19 pandemic, management expects that certain projects may be completed after the contractual completion date. Management evaluated the probability of liquidated damages claims from customers by considering whether extension of time would be reasonably granted by its customers. Management does not expect material liquidated damages to be claimed by its customers. The determination of the probability of claims are based on the circumstances and relevant events that were known to management at the date of these financial statements.

### (b) Impairment assessment of the Group's property, plant and equipment

Property, plant and equipment ("PPE") is tested for impairment whenever there are indications that these assets may be impaired. Management performs reviews to determine whether there are any indications of impairment in relation to the PPE held by the Group at the balance sheet date.

As at 31 December 2021, management has identified indications of impairment relating to certain property, plant and equipment with net book value amounting to \$53,697,000.

#### *Recoverable amount of identified PPE used for the Group's pre-cast manufacturing operations in Singapore and Malaysia*

The recoverable amounts of the identified PPE, which are used for the Group's pre-cast manufacturing operations in Singapore and Malaysia are determined based on the value-in-use ("VIU") calculations. The VIU calculations are based on a discounted cash flow model and requires the Group to make an estimate of the expected future cash flows from the continuing use of the PPE.

The key inputs used in the VIU calculation that were subject to significant judgement were relating to the estimation of the revenue, gross profit margin, discount rate, and terminal growth rate.

Revenue is estimated based on the Group's existing and future order books, and utilisation growth rate of the plant.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) *Impairment assessment of the Group's property, plant and equipment (continued)*

The key assumptions relating to the estimation of gross profit margin, discount rate, and terminal growth rate, are as follows:

Description	Precast operations in Singapore and Malaysia
Gross profit margin	5.6% to 11.6%
Discount rate	10.4%
Terminal growth rate	2.0%

As the recoverable amount determined by management is higher than the net book value of the PPE, no impairment charge has been recognised relating to the identified PPE during the financial year.

A decrease of 1% in the gross profit margin or revenue used in discounted cash flows would not result in an impairment charge on property, plant and equipment as at 31 December 2021.

A decrease of 5% in the terminal growth rate applied in the VIU computation would not result in an impairment charge on property, plant and equipment as at 31 December 2021. An increase of 5% in the estimated pre-tax discount rate applied in the VIU computation would not result in an impairment charge on property, plant and equipment at 31 December 2021.

## 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

*Disaggregation of revenue from contracts with customers*

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	Over time		At a point in time		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Construction						
- Singapore	222,785	120,403	-	-	222,785	120,403
- Myanmar	13,499	21,824	-	-	13,499	21,824
	236,284	142,227	-	-	236,284	142,227
Precast manufacturing						
- Singapore	-	-	21,356	6,637	21,356	6,637
	-	-	21,356	6,637	21,356	6,637
Others	640	49	-	24	640	73
Total	236,924	142,276	21,356	6,661	258,280	148,937

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 5. EXPENSES BY NATURE

	Group	
	2021	2020
	\$'000	\$'000
Materials, sub-contractors and other construction costs	213,122	148,271
Amortisation of intangible assets (Note 21)	187	214
Depreciation of property, plant and equipment (Note 18)	11,556	9,820
Total depreciation and amortisation	11,743	10,034
Employee compensation (Note 6)	32,308	24,752
Auditors' fees:		
Fees on audit services paid/payable to:		
- Auditor of the Company	234	231
- Other auditors	51	51
Fees on non-audit services paid/payable to:		
- Auditor of the Company	53	56
- Other auditors	49	52
Transportation expenses	1,962	797
Professional fees	305	392
Changes in inventories	(1,567)	(5,788)
Property, plant and equipment written off	10	135
(Reversal of impairment loss)/impairment loss on right-of-use assets	(1,262)	1,262
Other expenses	8,131	6,252
Total cost of sales, administrative, marketing and other operating expenses	265,139	186,497

## 6. EMPLOYEE COMPENSATION

	Group	
	2021	2020
	\$'000	\$'000
Wages and salaries	30,674	23,295
Employer's contribution to Central Provident Fund	1,634	1,457
Employee compensation recognised in profit or loss (Note 5)	32,308	24,752

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 7(A). OTHER INCOME

	Group	
	2021 \$'000	2020 \$'000
Income from sale of materials	223	67
Interest income	5	23
Service income	804	300
Rental income	2,862	3,495
Government grants	1,817	6,168
Others	388	527
	6,099	10,580

Government grant income relates mainly to Jobs Support Scheme ("JSS") grants and Foreign Worker Levy ("FWL") rebates introduced in the Singapore Budget 2020 and Singapore Budget 2021.

Government grant income of \$791,000 (2020: \$3,978,000) was recognised during the financial year under the JSS. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and Singapore Budget 2021 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

Grant income of \$904,000 (2020: \$1,702,000) was recognised during the financial year relating to FWL rebates, provided by the Singapore Government to businesses to ease the labour costs of firms hiring foreign workers.

## 7(B). OTHER GAINS/(LOSSES) - NET

	Group	
	2021 \$'000	2020 \$'000
Gain/(loss) on disposal of property, plant and equipment	13	(56)
Fair value gain/(loss) on derivative financial instruments	663	(313)
Foreign exchange gains/(losses) - net	359	(254)
Others	(73)	-
	962	(623)

## 8. FINANCE EXPENSES

	Group	
	2021 \$'000	2020 \$'000
Interest expense		
- Bank borrowings	1,865	1,897
- Lease liabilities	34	19
	1,899	1,916



# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 9. INCOME TAXES

(a) Income tax expense/(credit)

	Group	
	2021 \$'000	2020 \$'000
Tax expense attributable to loss is made up of:		
Loss from current financial year:		
- Current income tax	73	195
- Deferred income tax (Note 24)	(942)	(1,195)
	(869)	(1,000)
(Over)/under provision in prior financial years:		
- Current income tax	(256)	(36)
- Deferred income tax (Note 24)	490	192
	234	156
	(635)	(844)

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

	Group	
	2021 \$'000	2020 \$'000
Loss before tax	(3,262)	(29,513)
Share of profit of joint ventures, net of tax	-	(6)
Loss before tax and share of profit of joint ventures	(3,262)	(29,519)
Tax calculated at tax rate of 17% (2020: 17%)	(555)	(5,018)
Effects of:		
- different tax rates in other countries	(247)	(150)
- income not subject to tax	(688)	(740)
- expenses not deductible for tax purposes	1,010	1,145
- deferred tax assets not recognised	1,847	4,901
- derecognition of previously recognised:		
- tax losses	425	-
- utilisation of previously unrecognised:		
- capital allowances	-	(9)
- tax losses	(25)	(73)
- recognition of previously unrecognised:		
- capital allowances	(2,170)	(1,056)
- tax losses	(363)	-
- under provision of tax	234	156
- others	(103)	-
Tax credit	(635)	(844)

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 9. INCOME TAXES (CONTINUED)

(b) Movements in current income tax liabilities

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Beginning of financial year	920	1,006	10	33
Tax expense	73	195	-	-
Income tax paid	(190)	(220)	(10)	(17)
Over provision in prior financial years	(256)	(36)	-	(6)
Currency translation differences	15	(25)	-	-
End of financial year	562	920	-	10

## 10. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2021	2020
Net loss attributable to equity holders of the Company (\$'000)	(2,627)	(28,669)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	841,236	841,236
Basic loss per share (cents per share)	(0.31)	(3.41)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, net loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

The Company has no dilutive potential ordinary share during the financial year ended 31 December 2021 and 31 December 2020.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 10. EARNINGS PER SHARE (CONTINUED)

(b) Diluted loss per share (continued)

There are no dilutive effects for the Soilbuild Construction Performance Share Plan ("PSP") as there are no outstanding performance share awards granted during the financial year ended 31 December 2021 and 31 December 2020.

There are no dilutive effects for the warrants outstanding during the financial year ended 31 December 2021 and 31 December 2020 as the exercise price of the warrants exceed the average market price of the shares.

	2021	2020
Net loss attributable to equity holders of the Company (\$'000)	(2,627)	(28,669)
Weighted average number of ordinary shares outstanding for diluted loss per share ('000)	841,236	841,236
Diluted loss per share (cents per share)	(0.31)	(3.41)

## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash at bank and on hand	16,991	21,818	157	90

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current</b>				
Trade receivables				
- Related parties <sup>#</sup>	16	2,496	-	-
- Non-related parties	10,148	11,893	-	-
	10,164	14,389	-	-
Less: Allowance for impairment of receivables				
- non-related parties [Note 34(b)]	(976)	(54)	-	-
Trade receivables - net	9,188	14,335	-	-
Contract assets (Note 13)				
- Due from customers	24,367	23,747	-	-
- Due from related parties <sup>#</sup>	13,458	9,146	-	-
	37,825	32,893	-	-
Less: Allowance for impairment of receivables				
- non-related parties [Note 34(b)]	(643)	-	-	-
Contract assets - net	37,182	32,893	-	-
Retentions				
- Related parties <sup>#</sup>	10,322	6,985	-	-
- Non-related parties	4,735	4,605	-	-
	15,057	11,590	-	-
Amounts due from related parties <sup>#</sup> (non-trade)	31	64	-	-
Amounts due from subsidiaries (non-trade)	-	-	1,823	2,473
Other receivables	1,837	3,418	-	18
	63,295	62,300	1,823	2,491
<b>Non-current</b>				
Retentions				
- Related parties <sup>#</sup>	11,457	6,762	-	-
- Non-related parties	4,787	3,794	-	-
	16,244	10,556	-	-
Loan due from subsidiaries	-	-	33,859	25,132
	16,244	10,556	33,859	25,132
Total trade and other receivables	79,539	72,856	35,682	27,623

<sup>#</sup> Related parties pertain to family members of a director and companies which are wholly-owned by a director of the Company.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group has non-trade amounts due from related parties which are unsecured, interest-free and are repayable on demand.

The Company has non-trade amounts due from subsidiaries which are unsecured, interest-free and are repayable on demand.

The Company has loans due from subsidiaries amounting to \$33,859,000 (2020: \$25,132,000) which are unsecured, not repayable in the foreseeable future, and interest-bearing at the rate of 1.67% to 1.70% per annum (2020: 1.10% to 1.70% per annum) over Singapore Interbank Rate ("SIBOR"). The loans have an average effective interest rate of 2.13% (2020: 2.00%) per annum as at 31 December 2021.

Interest Rate Benchmark Reform is not expected to have an impact on the Company as the interest rate charged to subsidiaries is referenced to the Group's existing external borrowings. All the external borrowings of the Group will mature before the cessation of SIBOR.

## 13. CONTRACT ASSETS AND LIABILITIES

	Group		
	31 December	1 January	
	2021	2020	2020
	\$'000	\$'000	\$'000
Contract assets			
- Construction contracts for building works	36,665	31,799	42,025
- Precast manufacturing	1,160	1,094	242
Less: Allowance for impairment of receivables			
- non-related parties [Note 34(b)]	(643)	-	-
Total contract assets	37,182	32,893	42,267
Contract liabilities			
- Construction contracts for building works	3,459	8,320	5,563
- Precast manufacturing	178	3,388	3,102
Total contract liabilities	3,637	11,708	8,665

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date on construction contracts for building works and precast manufacturing. The contract assets balance increased as the Group provided more services and transferred more goods ahead of the agreed payment schedules.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts for building works and precast manufacturing. The contract liabilities balance decreased due to less contracts in which the Group billed and received consideration ahead of the provision of services.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 13. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

(i) Revenue recognised in relation to contract liabilities

	2021 \$'000	2020 \$'000
<i>Revenue recognised in current period that was included in the contract liability balance at the beginning of the period</i>		
- Construction contracts for building works	8,320	5,563
- Precast manufacturing	1,750	1,250
<i>Revenue recognised in current period from performance obligations satisfied in previous periods</i>		
- Construction contracts for building works	422	297

(ii) Unsatisfied performance obligations

	2021 \$'000	2020 \$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December		
- Construction contracts for building works	309,149	412,774
- Precast manufacturing	56,396	32,866

Management expects that the transaction price allocated to the unsatisfied performance obligations as of 31 December 2021 and 2020 may be recognised as revenue within the next one to three financial years. The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 13. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

(iii) Trade receivables from contract with customers

	Group		
	31 December		1 January
	2021	2020	2020
	\$'000	\$'000	\$'000
<b>Current assets</b>			
Trade receivables	10,164	14,389	39,448
Retention sum receivables	15,057	11,590	10,048
	25,221	25,979	49,496
<b>Non-current assets</b>			
Retention sum receivables	16,244	10,556	10,312
Trade receivables from contracts with customers	41,465	36,535	59,808
Loss allowances	(976)	(54)	(55)
	40,489	36,481	59,753

## 14. INVENTORIES

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Precast manufacturing</u>				
Raw materials	4,278	2,220	-	-
Finished goods	4,904	5,395	-	-
	9,182	7,615	-	-

The cost of inventories recognised as an expense and included in cost of sales amounted to \$14,271,908 (2020: \$4,630,545).

## 15. OTHER ASSETS

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Deposits	1,245	1,037	-	-
Prepayments	2,410	1,208	4	5
Others	-	81	-	-
	3,655	2,326	4	5

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 \$'000	2020 \$'000
<i>Equity investments at cost</i>		
<b>Beginning of financial year</b>	78,170	68,770
Subscription of new ordinary shares of subsidiaries	14,100	9,400
<b>End of financial year</b>	92,270	78,170
<i>Allowance for impairment loss</i>		
<b>Beginning and end of financial year</b>	300	300
<b>Carrying amount</b>	91,970	77,870

During the financial year ended 31 December 2021, the Company increased its investment in the share capital of its wholly-owned subsidiary, Soil-Build (Pte). Ltd. by subscribing for an additional 14,100,000 ordinary shares through payment in cash amounting to \$6,100,000 and converting part of its loan to Soil-Build (Pte). Ltd. amounting to \$8,000,000 as cost of investment.

During the financial year ended 31 December 2020, the Company increased its investment in the share capital of its wholly-owned subsidiary, Soilbuild Construction International Pte. Ltd. by subscribing for an additional 9,400,000 ordinary shares through converting part of its loan to Soilbuild Construction International Pte. Ltd. amounting to \$9,400,000 as cost of investment.



# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group has the following subsidiaries as at 31 December 2021 and 2020:

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Group	
			2021 %	2020 %
<u>Held by the Company</u>				
Soil-Build (Pte.) Ltd. <sup>(a)</sup>	Building contractors	Singapore	100	100
SB Procurement Pte. Ltd. <sup>(a)</sup>	Construction and procurement services	Singapore	100	100
Precast Concrete Pte. Ltd. <sup>(a)</sup>	Manufacturing of construction materials and parts	Singapore	100	100
Soilbuild Construction International Pte. Ltd. <sup>(a)</sup>	Project and construction management	Singapore	100	100
Soilbuild Construction Engineering Pte. Ltd. <sup>(a)</sup>	Building contractors	Singapore	100	100
Soilbuild E&C Pte. Ltd. <sup>(a)</sup>	Building contractors	Singapore	100	100
Soilbuild (Myanmar) Company Limited <sup>(b)</sup>	Construction and project management	Myanmar	100	100
Soilbuild Construction (Myanmar) Company Limited <sup>(b)</sup>	Construction and procurement services	Myanmar	100	100
Soilbuild (Thilawa) Company Limited <sup>(b)</sup>	Manufacturing of construction materials and parts	Myanmar	100	100
Precast Concrete Builders Pte. Ltd. <sup>(a)</sup>	Manufacturing of construction materials and parts	Singapore	100	100
Precast Concrete (Pontian) Sdn. Bhd. <sup>(c)</sup>	Manufacturing of construction materials and parts	Malaysia	100	100
Precast Concrete Builder (India) Private Limited <sup>(d)</sup>	Manufacturing of construction materials and parts	India	100	100
Precast Concrete (M) Sdn. Bhd. <sup>(c)</sup>	Manufacturing of construction materials and parts	Malaysia	100	100

<sup>(a)</sup> Audited by PricewaterhouseCoopers LLP, Singapore

<sup>(b)</sup> Audited by Win Thin & Associates (Certified Public Accountants, Myanmar)

<sup>(c)</sup> Audited by PricewaterhouseCoopers PLT, Malaysia

<sup>(d)</sup> Audited by BSR & Associates LLP, India, a member firm of KPMG International

In accordance to Rule 715 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 17. INVESTMENTS IN JOINT VENTURES

	Group	
	2021	2020
	\$'000	\$'000
Beginning of financial year	15	40
Dividends received from a joint venture	(2)	(16)
Share of profits	–	6
Return of capital on dissolution of a joint venture	–	(15)
End of financial year	13	15

Set out below are the joint ventures of the Group as at 31 December 2021, which, in the opinion of the directors, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Place of business/ country of incorporation	% of ownership interest	
		2021	2020
		Forte Builder Pte. Ltd. <sup>(a)</sup>	Singapore
Solstice Development Pte. Ltd. <sup>(b)</sup>	Singapore	19*	19*
Soilbuild-Shincon J.V. <sup>(c)</sup>	Singapore	51	51

<sup>(a)</sup> Audited by Nexia TS Public Accounting Corporation

<sup>(b)</sup> Audited by Ken Tan & Co.

<sup>(c)</sup> Audit is not required.

\* Although the Group has only 19% ownership in Solstice Development Pte. Ltd., decisions about the relevant activities of Solstice Development Pte. Ltd. require the unanimous consent of the Group and the other joint venture partners. Accordingly, the Group has joint control over Solstice Development Pte. Ltd.

Forte Builder Pte. Ltd. is a general contractor for construction of buildings, including major upgrading works in Singapore.

Solstice Development Pte. Ltd. is in the business of investment in properties, development of properties for sale and management of properties in Singapore.

Soilbuild-Shincon J.V. is in the business of general building construction and civil engineering works in Singapore.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

During the financial year ended 31 December 2020, Forte Builder Pte. Ltd. undertook a dissolution exercise pursuant to which the total equity of Forte Builder Pte. Ltd. amounting to \$30,000 was returned to its shareholders. As part of the dissolution exercise, a total sum of \$30,000 was returned by Forte Builder Pte. Ltd. to its shareholders of which \$15,000 has been returned to the Group on 10 September 2020. Forte Builder Pte. Ltd. was officially dissolved on 4 January 2021.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 18. PROPERTY, PLANT AND EQUIPMENT

	Freehold land		Leasehold lands		Plant and equipment		Motor vehicles		Renovation, furniture and equipment		Containers under construction		Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<i>Group</i>													
<b>2021</b>													
<i>Cost</i>													
Beginning of financial year	5,608	38,268	55,056	56,940	2,204	1,518	208	13,487	173,937				
Additions	-	1,631	15	2,299	-	18	-	2,039	6,002				
Disposals	-	-	-	(3,490)	-	-	(28)	-	(3,518)				
Written off	-	-	-	-	-	-	(10)	-	(10)				
Government grant received	-	-	-	(5,317)	-	-	-	-	(5,317)				
Reclassification	-	-	13,292	2,032	-	-	-	37	(15,361)				
Currency translation differences	(22)	41	(82)	(74)	-	3	1	(165)	(298)				
End of financial year	5,586	39,940	68,281	52,390	2,204	1,539	611	245	170,796				
<i>Accumulated depreciation and impairment</i>													
Beginning of financial year	-	7,763	5,405	16,334	1,884	753	613	179	32,931				
Depreciation charge (Note 5)	-	2,116	2,717	6,246	136	295	24	22	11,556				
Disposals	-	-	-	(2,733)	-	-	(29)	-	(2,762)				
Written off	-	-	-	-	-	-	(10)	-	(10)				
Reversal of impairment loss	-	(1,262)	-	-	-	-	-	-	(1,262)				
Currency translation differences	-	(2)	(8)	(19)	1	1	2	-	(25)				
End of financial year	-	8,615	8,114	19,828	2,021	1,049	600	201	40,428				
<b>Net book value</b>													
End of financial year	5,586	31,325	60,167	32,562	183	490	11	44	130,368				

# Notes to The Financial Statements

For the financial year ended 31 December 2021

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

	Freehold land		Leasehold lands		Plant and equipment		Motor vehicles		Renovation, furniture and equipment		Containers under construction		Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<i>Group</i>													
<b>2020</b>													
<i>Cost</i>													
Beginning of financial year	5,614	38,241	55,082	50,128	2,201	1,471	634	208	1,682	155,261			
Additions	-	83	-	7,255	15	53	15	-	11,958	19,379			
Disposals	-	-	(1)	(394)	(10)	(1)	-	-	-	(406)			
Written off	-	-	-	-	-	-	-	-	(135)	(135)			
Currency translation differences	(6)	(56)	(25)	(49)	(2)	(5)	(1)	-	(18)	(162)			
End of financial year	5,608	38,268	55,056	56,940	2,204	1,518	648	208	13,487	173,937			
<i>Accumulated depreciation and impairment</i>													
Beginning of financial year	-	4,847	3,135	11,270	1,606	465	567	161	-	22,051			
Depreciation charge (Note 5)	-	1,661	2,273	5,249	281	291	47	18	-	9,820			
Disposals	-	-	(1)	(163)	(2)	-	-	-	-	(166)			
Impairment loss	-	1,262	-	-	-	-	-	-	-	1,262			
Currency translation differences	-	(7)	(2)	(22)	(1)	(3)	(1)	-	-	(36)			
End of financial year	-	7,763	5,405	16,334	1,884	753	613	179	-	32,931			
<b>Net book value</b>													
<b>End of financial year</b>	5,608	30,505	49,651	40,606	320	765	35	29	13,487	141,006			

\*Amount less than \$1,000

# Notes to The Financial Statements

For the financial year ended 31 December 2021

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

- (a) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 19.
- (b) As at 31 December 2021, the Group's property, plant and equipment included assets under construction amounting to \$Nil (2020: \$13,487,000) which relate to expenditure directly attributable for construction of building and plant for its precast manufacturing facilities located at Johor, Malaysia.
- (c) Included within additions during the year are plant and equipment acquired under finance leases amounting to \$Nil (2020: \$2,304,000). The carrying amounts of the plant and equipment held under finance leases are \$2,035,000 (2020: \$2,316,000) at the balance sheet date.
- (d) Bank borrowings are secured on a building and a leasehold land of the Group with carrying amounts of \$41,552,000 (2020: \$43,431,000) and \$21,094,000 (2020: \$21,982,000) respectively (Note 25).
- (e) Leasehold lands relate to the lease of land located at Defu South Street 1, Tuas South Link 3 in Singapore, land located in Thilawa Special Economic Zone, Myanmar and land located in Kayu Ara Pasong, Pontian, Johor, Malaysia. The leases will expire from 2037 to 2088.
- (f) A reversal of impairment charge of \$1,262,000 (2020: \$1,262,000) is included within "Expenses - Others" in the statement of comprehensive income during the financial year ended 31 December 2021. The reversal of impairment charge is in relation to the right-of-use asset for the leasehold land located in Thilawa Special Economic Zone, Myanmar.

The Group is required, under the lease agreement and by the Myanmar government authorities, to construct and commence operations for a manufacturing facility on the leasehold land by 31 December 2020. The timeline of 31 December 2020 was subsequently not met by the Group, due to economic uncertainties and movement restriction measures imposed by Myanmar, arising from the Covid-19 pandemic. As a result, the permit to construct and conduct operations of the manufacturing facilities on the land was revoked on 7 February 2021.

During the financial year ended 31 December 2021, the Group has appealed for reinstatement of the permit. On 3 January 2022, the Myanmar government authorities has approved the Group's application to extend the validity of the permit to 1 April 2023 and the Group is required to complete the construction of factory and commence commercial operation by 1 April 2023. Management has put in place work program for the timely completion of the manufacturing facility and assessed that the recoverable amount of the right-of-use asset exceeds its carrying amount and reversed the impairment loss of S\$1,262,000.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 19. LEASES - THE GROUP AS A LESSEE

### Nature of the Group's leasing activities

#### **Leasehold lands**

The Group has made upfront payments to secure the right-of-use of five leasehold lands for a period of 20 to 72 years, which are used in the Group's construction and precast operations. These leasehold lands are recognised within Property, plant and equipment (Note 18). There are no externally imposed covenants on these lease arrangements.

The Group also makes monthly lease payments for five (1 January 2021: four) leasehold lands, which are used in the Group's construction and precast operations. The right-of-use of the land is classified within Property, plant and equipment (Note 18).

#### **Renovation, furniture and equipment**

The Group leases photocopier and printer equipment for the purpose of back office operations.

(a) Carrying amounts

### ROU assets classified within Property, plant and equipment

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Leasehold lands	31,325	30,505
Renovation, furniture and equipment	7	10
	<b>31,332</b>	<b>30,515</b>

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 19. LEASES - THE GROUP AS A LESSEE (CONTINUED)

(b) Depreciation and impairment charge during the year

	2021 \$'000	2020 \$'000
<i>Depreciation</i>		
Leasehold lands	2,116	1,661
Renovation, furniture and equipment	3	3
	2,119	1,664
<i>(Reversal of impairment)/impairment</i>		
Leasehold lands	(1,262)	1,262
Total depreciation and impairment charge during the year	857	2,926

(c) Interest expense

	2021 \$'000	2020 \$'000
Interest expense on lease liabilities	34	19

(d) Total cash outflow for all leases in 2021 was \$888,000 (2020: \$342,000).

(e) Addition of ROU assets during the financial year 2021 was \$1,631,000 (2020: \$82,000).

## 20. LEASES - THE GROUP AS A LESSOR

### Nature of the Group's leasing activities - Group as a lessor

The Group has leased out a part of their building to related parties and non-related parties for monthly lease payments on an incidental basis. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risks and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from the building is disclosed in Note 7(a).

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	2021 \$'000	2020 \$'000
Less than one year	649	1,166
One to two years	54	160
Two to three years	-	26
Total undiscounted lease payments	703	1,352

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 21. INTANGIBLE ASSETS

Acquired computer software licences

	Group	
	2021 \$'000	2020 \$'000
<i>Cost</i>		
Beginning of financial year	1,210	1,183
Additions	11	27
End of financial year	1,221	1,210
<i>Accumulated amortisation</i>		
Beginning of financial year	879	665
Amortisation charge (Note 5)	187	214
End of financial year	1,066	879
Net book value	155	331

Amortisation of intangible assets of \$187,000 (2020: \$214,000) was recognised in the statement of comprehensive income under "Expenses - Others".



# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 22. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current</u>				
Trade payables:				
- Non-related parties	29,083	33,932	-	-
Retention:				
- Non-related parties	14,404	13,136	-	-
Contract liabilities (Note 13)				
- Due to customers	178	6,896	-	-
- Due to related parties <sup>#</sup>	3,459	4,812	-	-
	3,637	11,708	-	-
Rental deposits	280	636	-	-
Interest payable	41	44	-	-
Accrued operating expenses	3,969	3,206	199	131
Accrued construction costs	26,602	21,135	-	-
Other payables	5,968	11,794	3	12
Amounts due to related parties <sup>#</sup> (non trade)	4	-	-	-
Amounts due to subsidiaries (non-trade)	-	-	936	532
Loans due to subsidiaries	-	-	28,435	20,463
	83,988	95,591	29,573	21,138
<u>Non-current</u>				
Retention:				
- Non-related parties	7,214	8,431	-	-
Total trade and other payables	91,202	104,022	29,573	21,138

<sup>#</sup> Related parties pertain to companies which are wholly-owned by a director of the Company.

The Group has non-trade amounts due to related parties which are unsecured, interest-free and are repayable on demand.

The Company has non-trade amounts due to subsidiaries which are unsecured, interest-free and are repayable on demand.

The Company has loans due to subsidiaries which are unsecured, repayable on demand, interest-bearing at the rate of 1.67% to 1.70% (2020: 1.10% to 1.70%) per annum over Singapore Interbank Rate ("SIBOR").

Interest Rate Benchmark Reform is not expected to have an impact on the Company as the interest rate charged by the subsidiaries is referenced to the subsidiaries' existing external borrowings. All the external borrowings of the subsidiaries will mature before the cessation of SIBOR.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 23. PROVISION FOR OTHER LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Provision for cost of defects	721	218	-	-
Provision for foreseeable losses	3,308	4,329	-	-
Other provision	389	389	-	-
	4,418	4,936	-	-

### Provision for cost of defects

The Group has a contractual commitment to rectify defects works for its construction contracts during the defects liability period. A provision is recognised at the balance sheet date for expected defects costs based on past experience of the level of defects.

Movement in provision for cost of defects is as follows:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	218	332	-	-
Provision made	690	26	-	-
Provision utilised	(187)	(140)	-	-
End of financial year	721	218	-	-

### Provision for foreseeable losses

The Group has ongoing construction contracts for building works. A provision for foreseeable losses is recognised at the balance sheet date as it is probable that the total construction contract costs will exceed the total construction contract revenue for certain projects.

Movement in provision for foreseeable losses is as follows:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	4,329	451	-	-
Provision (utilised)/made	(1,021)	3,878	-	-
End of financial year	3,308	4,329	-	-

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 23. PROVISION FOR OTHER LIABILITIES (CONTINUED)

### Other provision

Movement in other provision is as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Beginning of financial year	389	423	-	-
Provision utilised	-	(34)	-	-
End of financial year	389	389	-	-

## 24. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2021 \$'000	2020 \$'000
Deferred income tax assets	(2,689)	(2,089)
Deferred income tax liabilities	132	-
Net deferred tax assets	(2,557)	(2,089)

The movement in the net deferred income tax account is as follows:

	Group	
	2021 \$'000	2020 \$'000
Beginning of financial year	(2,089)	(1,106)
Credited to profit or loss	(452)	(1,003)
Currency translation differences	(16)	20
End of financial year	(2,557)	(2,089)

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 24. DEFERRED INCOME TAXES (CONTINUED)

Group

*Deferred income tax assets*

	Provisions \$'000	Tax losses \$'000	Unutilised capital allowances \$'000	Total \$'000
<b>2021</b>				
Beginning of financial year	(950)	(607)	(1,409)	(2,966)
Charged/(credited) to profit or loss	221	(1,638)	1,306	(111)
Foreign currency translation	(3)	(13)	–	(16)
End of financial year	(732)	(2,258)	(103)	(3,093)
<b>2020</b>				
Beginning of financial year	(163)	(1,924)	(423)	(2,510)
(Credited)/charged to profit or loss	(791)	1,152	(1,181)	(820)
Reclassification from deferred income tax liabilities	–	149	195	344
Foreign currency translation	4	16	–	20
End of financial year	(950)	(607)	(1,409)	(2,966)

Group

*Deferred income tax liabilities*

	Accelerated tax depreciation \$'000
<b>2021</b>	
Beginning of financial year	877
Credited to profit or loss	(341)
End of financial year	536
<b>2020</b>	
Beginning of financial year	1,404
Credited to profit or loss	(183)
Reclassification to deferred income tax asset	(344)
End of financial year	877

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 24. DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$35,300,000 (2020: \$41,882,000) and capital allowances of \$7,396,000 (2020: \$5,642,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to those subsidiary companies meeting certain statutory requirements in their respective countries of incorporation. The tax losses have no expiry date except for tax losses amounting to \$6,643,000 (2020: \$3,376,000) which can be carried forward for a period of three to seven years subsequent to the year of the loss. The capital allowances have no expiry date.

## 25. BORROWINGS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current</u>				
Bank borrowings	33,207	28,135	2,234	590
Hire purchase loan	452	453	-	-
Lease liabilities	869	428	-	-
	34,528	29,016	2,234	590
<u>Non-current</u>				
Bank borrowings	49,857	53,921	7,162	4,410
Hire purchase loan	1,227	1,718	-	-
Loan from shareholder	10,000	-	10,000	-
Lease liabilities	367	31	-	-
	61,451	55,670	17,162	4,410
Total borrowings	95,979	84,686	19,396	5,000

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Variable rate borrowings	68,600	71,282	-	-
Fixed rate borrowings – repricing or maturity dates				
- Less than 1 year	4,259	2,178	2,234	590
- 1-5 years	11,935	9,172	7,162	4,410
- Over 5 years	1,185	2,054	-	-
Interest-free borrowings	10,000	-	10,000	-
	95,979	84,686	19,396	5,000

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 25. BORROWINGS (CONTINUED)

Interest Rate Benchmark Reform is not expected to have an impact on the Group as all variable rate borrowings will mature before cessation of the relevant benchmark rates.

### (a) Security granted

The borrowings of the Group include secured liabilities of \$49,414,000 (2020: \$53,359,000) and unsecured liabilities of \$46,565,000 (2020: \$31,327,000). Term loan of the Group is secured over leasehold land and building of the Group and the Company has issued corporate guarantees to banks for borrowings of certain subsidiaries as disclosed in Note 32.

### (b) Fair value of borrowings

The fair value of the borrowings are expected to approximate their carrying value as interest rates of these borrowings are adjusted for changes in the relevant market interest rates.

### (c) Reconciliation of liabilities arising from financing activities

	Non-cash changes						
	1 January 2021 \$'000	Proceeds from loans \$'000	Principal and interest payments \$'000	Addition during the year \$'000	Interest expense \$'000	Foreign exchange movement \$'000	31 December 2021 \$'000
Bank borrowings	82,056	41,566	(40,614)	–	–	56	83,064
Loan from shareholder	–	10,000	–	–	–	–	10,000
Hire purchase loan	2,171	–	(492)	–	–	–	1,679
Lease liabilities	459	–	(888)	1,631	34	–	1,236
Interest payable	44	–	(1,824)	–	1,865	(44)	41

	Non-cash changes							
	1 January 2020 \$'000	Proceeds from bank loan \$'000	Principal and interest payments \$'000	Addition during the year \$'000	Interest expense \$'000	Foreign exchange movement \$'000	Reclassification \$'000	31 December 2020 \$'000
Bank borrowings	72,775	35,434	(26,304)	–	–	(48)	199	82,056
Hire purchase loan	66	–	–	2,304	–	–	(199)	2,171
Lease liabilities	782	–	(342)	–	19	–	–	459
Interest payable	69	–	(1,853)	–	1,897	(69)	–	44

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 25. BORROWINGS (CONTINUED)

(d) Loan covenant

### For the financial year ended 31 December 2021

The Group is in compliance with all externally imposed capital requirements for the financial year ended 31 December 2021, except for the compliance with certain loan covenants in relation to borrowings from a bank. Prior to 31 December 2021, the Group has obtained a waiver for the compliance with the loan covenants in relation to the borrowings from the bank where the facilities remain available to the Group and the repayment terms remain unchanged.

## 26. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise of the Singapore Dollar interest rate swaps used to manage the cash flow interest rate risks arising from variable-rate borrowings. The contracted notional principal amount of the derivative outstanding at balance sheet date is \$Nil (2020: \$49,000,000).

	Group		
	Contract notional amount \$'000	Fair Value	
		Asset \$'000	Liability \$'000
<b>2021</b>			
<i>Non-hedging instruments</i>			
Interest rate swaps	-	-	-
<b>2020</b>			
<i>Non-hedging instruments (current)</i>			
Interest rate swaps	49,000	-	663

Fair value gain on derivative financial instruments of \$663,000 (2020: fair value loss of \$313,000) was recognised in the statement of comprehensive income under "Other gains/(losses) - net", as disclosed in Note 7(b).

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 27. SHARE CAPITAL

	← Issued share capital →	
	No. of ordinary shares '000	Amount \$'000
<u>Group and Company</u>		
<b>2021</b>		
Beginning and end of financial year	841,236	71,553
<b>2020</b>		
Beginning and end of financial year	841,236	71,553

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

## 28. CAPITAL RESERVE

	Group	
	2021 \$'000	2020 \$'000
Beginning and end of financial year	1,070	1,070

During the financial year ended 31 December 2013, pursuant to a restructuring exercise, the Company entered into a sales and purchase agreement with a related company to acquire the entire equity interests of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and Precast Concrete Pte. Ltd. A related company pertains to a company which is wholly-owned by a director of the Company.

The capital reserve represents the difference between the purchase consideration amounting to \$16,570,000 which is entirely satisfied by the allotment and issuance of shares and the carrying value of the net assets acquired amounting to \$15,500,000.



# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 29. CURRENCY TRANSLATION RESERVE

	Group	
	2021 \$'000	2020 \$'000
Beginning of financial year	(410)	(161)
Net currency translation differences of foreign operations	97	(249)
End of financial year	(313)	(410)

## 30. WARRANT RESERVE

	Group and Company	
	31 December 2021 \$'000	31 December 2020 \$'000
Beginning of financial year	8,128	8,128
Warrants expired	(8,128)	-
End of financial year	-	8,128

There are 168,247,125 warrants outstanding as at 31 December 2021. These warrants arose on 29 July 2019 when the Company issued 168,247,125 new ordinary shares with 168,247,125 free detachable warrants ("2019 Warrants") arising from the exercise of 168,247,125 rights issue at \$0.073. Each 2019 Warrant carry the right to subscribe for 1 new ordinary share in the capital of the Company ("New Share") at an exercise price of \$0.073 for each New Share ("Exercise Price"). There is no value attributable to the 2019 warrants issued as the average market value of the warrants is \$Nil at the date of issuance.

The warrants can be exercised at any time during the period commencing on and including the date of the issue of the warrants and expiring on the date falling five years from the date of issue of the warrants.

In the prior financial year, there were 337,095,120 warrants outstanding as at 31 December 2020 which comprised 168,247,125 warrants issued in 2019 (2019 Warrants) and 168,847,995 warrants issued in 2016 ("2016 Warrants"). On 13 July 2021, the rights to subscribe for new ordinary shares in the capital of the Company comprised in the 2016 Warrants expired and the warrant reserve in relation to the 2016 Warrants amounting to \$8,128,000 has been transferred to retained earnings.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 31. RETAINED PROFITS

Movement in retained profits for the Group and the Company is as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Beginning of financial year	(25,372)	3,297	(241)	115
Total net loss for the year	(2,627)	(28,669)	(596)	(356)
Transfer of warrant reserve to retained profits (Note 30)	8,128	-	8,128	-
End of financial year	(19,871)	(25,372)	7,291	(241)

## 32. CONTINGENCIES

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These bank borrowings amount to \$75,346,000 (2020: \$79,174,000) at the balance sheet date.

## 33. COMMITMENTS

### Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2021 \$'000	2020 \$'000
Property, plant and equipment	742	6,153

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

The Group's activities expose it to market risks (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Groups' financial performance.

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

#### (a) Market risk

##### (i) Currency risk

The Group operates predominately in Singapore, Myanmar and Malaysia and the functional currencies of the entities in each of the countries are the Singapore Dollar ("SGD"), the United States Dollar ("USD") and the Malaysian Ringgit ("MYR") respectively. Currency risks arise within entities in the Group when transactions are denominated in foreign currencies such as the SGD, USD, Euro ("EUR"), MYR and Myanmar Kyat ("MMK"). Entities in the Group transact predominately in their functional currencies and hold matching currency assets and liabilities to manage the currency risk.

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The currency exposure of the Group based on the information provided to key management is as follows:

	<b>Group</b>				
	<b>SGD</b> <b>\$'000</b>	<b>USD</b> <b>\$'000</b>	<b>MMK</b> <b>\$'000</b>	<b>EUR</b> <b>\$'000</b>	<b>MYR</b> <b>\$'000</b>
<b>At 31 December 2021</b>					
<b>Financial assets</b>					
Cash and cash equivalents	13,882	2,224	772	24	69
Trade and other receivables	59,959	19,387	-	-	192
Intra-group receivables	141,957	12,210	-	-	891
Other financial assets	1,217	5	-	-	23
	217,015	33,826	772	24	1,175
<b>Financial liabilities</b>					
Trade and other payables	(66,167)	(14,012)	(2,344)	(831)	(7,833)
Intra-group payables	(141,957)	(12,210)	-	-	(891)
Borrowings	(93,273)	(2,699)	-	-	(6)
	(301,397)	(28,921)	(2,344)	(831)	(8,730)
<b>Net financial (liabilities)/ assets</b>	(84,382)	4,905	(1,572)	(807)	(7,555)
Less: Net financial assets denominated in the respective entities' functional currencies	68,211	(5,115)	-	-	7,468
<b>Currency exposure</b>	(16,171)	(210)	(1,572)	(807)	(87)

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The currency exposure of the Group based on the information provided to key management is as follows: (continued)

	<b>Group</b>				
	<b>SGD</b> <b>\$'000</b>	<b>USD</b> <b>\$'000</b>	<b>MMK</b> <b>\$'000</b>	<b>EUR</b> <b>\$'000</b>	<b>MYR</b> <b>\$'000</b>
<b>At 31 December 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	15,960	5,337	419	26	26
Trade and other receivables	55,741	16,928	-	-	185
Intra-group receivables	123,994	73,589	-	-	806
Other financial assets	1,030	5	-	-	6
	<b>196,725</b>	<b>95,859</b>	<b>419</b>	<b>26</b>	<b>1,023</b>
<b>Financial liabilities</b>					
Trade and other payables	(80,606)	(12,342)	(1,552)	(1,865)	(7,688)
Intra-group payables	(123,994)	(73,589)	-	-	(806)
Borrowings	(81,839)	(2,643)	-	-	(204)
	<b>(286,439)</b>	<b>(88,574)</b>	<b>(1,552)</b>	<b>(1,865)</b>	<b>(8,698)</b>
<b>Net financial (liabilities)/ assets</b>	<b>(89,714)</b>	<b>7,285</b>	<b>(1,133)</b>	<b>(1,839)</b>	<b>(7,675)</b>
Less: Net financial assets denominated in the respective entities' functional currencies	79,218	(6,712)	-	-	7,642
<b>Currency exposure</b>	<b>(10,496)</b>	<b>573</b>	<b>(1,133)</b>	<b>(1,839)</b>	<b>(33)</b>

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

### *Sensitivity analysis for currency risk*

If the USD changes against the SGD by 5% (2020: 5%), the MMK changes against the SGD by 20% (2020: 10%), the EUR changes against the SGD by 5% (2020: 5%), and the MYR changes against the SGD by 5% (2020: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	<b>Increase/(decrease)</b>	
	<b>Loss after tax</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>		
USD against SGD		
- strengthened	9	(24)
- weakened	(9)	24
MMK against SGD		
- strengthened	261	94
- weakened	(261)	(94)
EUR against SGD		
- strengthened	33	76
- weakened	(33)	(76)
MYR against SGD		
- strengthened	4	1
- weakened	(4)	(1)

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group and the Company are not exposed to any significant price risks.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's policy is to maintain 80 – 90% of its borrowings in fixed rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from non-current variable-rate borrowings. The Group's exposure to cash flow interest rate risks arises mainly from non-current borrowings. The Company's exposure to cash flow interest rate risks arises mainly from loans due from subsidiaries at variable rates. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

The Group enters into interest rate swaps with the same critical terms as the hedge item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding amount of the borrowings. As all critical terms matched during the year, the economic relationship was 100% effective. The Group does not apply hedge accounting.

The Group's bank borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 0.50% (2020: 0.50%) with all other variables including tax rate being held constant, the effects arising from the higher/lower interest expense on these borrowings will be as follows:

	<b>Increase/(decrease)</b>	
	<b>Loss after tax</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Interest rates</b>		
- increased by 0.50%	345	137
- decreased by 0.50%	(345)	(137)

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

The Company has interest-bearing loans due from and due to subsidiaries at variable rates on which effective hedges have not been entered into. If the interest rates had been higher/lower by 0.50% (2020: 0.50%) with all other variables including tax rate being held constant, the effects arising from the higher/lower interest income on these loans due from and due to subsidiaries will be as follows:

	Increase/(decrease)	
	Loss after tax	
	2021	2020
	\$'000	\$'000
<b>Interest rates</b>		
- increased by 0.50%	(23)	(19)
- decreased by 0.50%	23	19

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Management based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored by the Management.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet except as follows:

	Company	
	2021	2020
	\$'000	\$'000
Corporate guarantees provided to banks on subsidiaries' loans	75,346	79,174



# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

#### (i) *Impairment of financial assets*

The Group has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables and contract assets.

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

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Management has considered, among other factors (including forward-looking information), the Group's historical loss pattern over the last three financial years, historical payment trends of customers, and time value of money. Based on the above, management concluded that the expected credit loss rate for trade receivables and unbilled revenue is close to zero, with the exception of certain trade receivables and unbilled revenue from its Myanmar operations where credit loss allowances have been recognised based on the expected amount and timing of settlement.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Impairment of financial assets (continued)

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets from construction contracts for building works and precast manufacturing as at 31 December 2021 and 31 December 2020 are set out in the provision matrix as follows:

Group	Current \$'000	← Past due →				Total \$'000
		Within 30 days \$'000	30 to 60 days \$'000	60 to 90 days \$'000	More than 90 days \$'000	
As at 31 December 2021						
<b>Construction contracts for building works</b>						
Contract assets	36,665	-	-	-	-	36,665
Trade receivables	745	458	33	258	5,785	7,279
Loss allowance	-	-	-	-	(1,593)	(1,593)
<b>Precast manufacturing</b>						
Contract assets	1,160	-	-	-	-	1,160
Trade receivables	2,354	102	30	43	356	2,885
Loss allowance	-	-	-	-	(26)	(26)

Group	Current \$'000	← Past due →				Total \$'000
		Within 30 days \$'000	30 to 60 days \$'000	60 to 90 days \$'000	More than 90 days \$'000	
As at 31 December 2020						
<b>Construction contracts for building works</b>						
Contract assets	31,799	-	-	-	-	31,799
Trade receivables	6,914	987	983	846	3,664	13,394
Loss allowance	-	-	-	-	(28)	(28)
<b>Precast manufacturing</b>						
Contract assets	1,094	-	-	-	-	1,094
Trade receivables	809	38	-	-	148	995
Loss allowance	-	-	-	-	(26)	(26)

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

#### (i) Impairment of financial assets (continued)

Movements in credit loss allowance for financial assets are as follows:

	Trade receivables <sup>(a)</sup> \$'000	Contract assets <sup>(a)</sup> \$'000	Total \$'000
<b>Group</b>			
Balance as at 31 December 2020	54	-	54
Loss allowance recognised in profit or loss during the year	922	643	1,565
<b>Balance as at 31 December 2021</b>	<b>976</b>	<b>643</b>	<b>1,619</b>

<sup>(a)</sup> Loss allowance measured at lifetime ECL

#### (ii) Amounts due from related parties

The Group monitors the credit risk of the related parties based on the past due information to assess if there is any significant increase in credit risk. The amounts due from related parties are measured on 12-month expected credit losses. The expected credit loss is immaterial.

#### (iii) Cash and cash equivalents

The Group held cash and cash equivalents of \$16,991,000 (2020: \$21,818,000) with banks which have high credit-ratings assigned by international credit-rating agencies and are considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

#### (iv) Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group will constantly raise committed funding from financial institutions and prudently balance its portfolio with some short-term funding so as to achieve overall cost effectiveness.

The Group's liquidity risk is managed and mitigated over the next twelve months by maintaining strong order books which is expected to generate positive cash flows, and tapping on existing bank facilities for its funding requirements, in which further details are disclosed in Note 2.1.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Not later than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	More than 5 years \$'000
<u>Group</u>				
<b>At 31 December 2021</b>				
Trade and other payables	(79,941)	(7,212)	-	-
Loan from shareholder	-	(10,000)	-	-
Borrowings (exclude lease liabilities)	(34,109)	(41,913)	(7,695)	(1,235)
Lease liabilities	(1,380)	(862)	(780)	-
	(115,430)	(59,987)	(8,475)	(1,235)
<b>At 31 December 2020</b>				
Trade and other payables	(95,591)	(8,431)	-	-
Borrowings (exclude lease liabilities)	(29,111)	(47,162)	(6,221)	(2,209)
Lease liabilities	(954)	(537)	(1,300)	-
	(125,656)	(56,130)	(7,521)	(2,209)
<u>Company</u>				
<b>At 31 December 2021</b>				
Trade and other payables	(29,573)	-	-	-
Loan from shareholder	-	(10,000)	-	-
Borrowings (exclude lease liabilities)	(2,403)	(2,603)	(4,773)	-
	(31,976)	(12,603)	(4,773)	-
<b>At 31 December 2020</b>				
Trade and other payables	(21,138)	-	-	-
Borrowings (exclude lease liabilities)	(687)	(1,275)	(3,299)	-
	(21,825)	(1,275)	(3,299)	-

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (continued)

The table below analyses the maturity profile of the Group's derivative financial liabilities based on contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Not later than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000
<b>At 31 December 2021</b>			
Interest rate swaps	-	-	-
<b>At 31 December 2020</b>			
Interest rate swaps	663	-	-

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholder, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The Group is required by the banks to maintain a gearing ratio of not exceeding 200% (2020: 200%). The gearing ratio is calculated as total bank borrowings divided by tangible net worth. Tangible net worth is calculated as total equity less intangible assets.

	Group	
	2021 \$'000	2020 \$'000
Total bank borrowings	83,063	82,056
Tangible net worth	50,144	52,498
<b>Gearing ratio</b>	166%	156%

The Group is in compliance with all externally imposed capital requirements for the financial year ended 31 December 2021, except for the compliance with certain loan covenants in relation to borrowings from a bank. Prior to 31 December 2021, the Group has obtained a waiver for the compliance with the loan covenants in relation to the borrowings from the bank where the facilities remain available to the Group and the repayment terms remain unchanged.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (e) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial assets, at amortised cost	59,656	62,427	36,082	27,713
Financial liabilities, at amortised cost	183,132	183,773	47,705	26,138

### (f) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 31 December 2021</b>				
<i>Liabilities</i>				
<b>Derivative financial instruments</b>	-	-	-	-
<b>As at 31 December 2020</b>				
<i>Liabilities</i>				
<b>Derivative financial instruments</b>	-	663	-	663

The fair value of financial instrument that are not traded in an active market is determined using quoted interest rates at the balance sheet date. The instrument is included in level 2. There was no transfer of fair values during the year.

The carrying amounts of non-current trade receivables, non-current trade and other payables and non-current borrowings as disclosed in Note 12, Note 22 and Note 25 respectively approximate their fair values.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 35. RELATED PARTY TRANSACTIONS

- (a) In addition to the information shown elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed by the parties:

	Group	
	2021 \$'000	2020 \$'000
Revenue from construction contracts from related parties <sup>#</sup>	159,999	73,489
Revenue from rendering of project management services to related parties	–	73
Rental income charged to related parties <sup>#</sup>	311	319
Renovation/reinstatement services received/receivable from related parties <sup>#</sup>	29	10
Other service income received/receivable from related parties <sup>#</sup>	23	70
Share of common overheads paid/payable to related parties <sup>#</sup>	46	78
Share of common overheads received/receivable from related parties <sup>#</sup>	85	95

<sup>#</sup> Related parties pertain to family members of a director and companies which are wholly-owned by a director of the company.

- (b) Key management personnel compensation

The key management personnel compensation is as follows:

	Group	
	2021 \$'000	2020 \$'000
Salaries and other short-term employee benefits	2,140	1,560
Contribution to Central Provident Fund	121	105
	2,261	1,665

Details on directors' remuneration are discussed in the Corporate Governance Report.

## 36. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by senior management that are used to make strategic decisions. Senior management comprises the Executive Chairman, Non-Executive Directors and Executive Directors, and is the Group's chief operating decision-maker.

Senior management considers the business of the Group from the geographical perspective. Geographically, senior management manages and monitors the business in these three primary geographic areas namely Singapore, Myanmar and Malaysia. The Singapore geographic area is engaged both in construction and precast manufacturing business while Myanmar geographic area is engaged only in construction and Malaysia geographic area is engaged only in precast manufacturing business.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 36. SEGMENT INFORMATION (CONTINUED)

The segment information provided to senior management for the reportable segments is as follows:

	Singapore		Myanmar		Malaysia		Others	Elimination	Total
	Construction \$'000	Precast \$'000	Construction \$'000	Others \$'000	Precast \$'000	Others \$'000			
<b>Group</b>									
<b>2021</b>									
<b>Revenue</b>									
External customers	223,425	21,356	-	13,499	-	-	-	-	258,280
Inter-segment revenue	2,709	9,033	-	-	18,688	-	(30,430)	-	-
	226,134	30,389	-	13,499	-	-	(30,430)	-	258,280
<b>Result</b>									
Segment result before interest	5,121	(3,776)	(607)	(1,181)	1,146	(29)	272	-	(3,267)
Interest income									5
Loss before income tax									(3,262)
Income tax credit									635
Net loss									(2,627)
<b>Segment results include:</b>									
- Depreciation of property, plant and equipment	5,265	1,712	-	272	59	-	-	-	11,556
- Reversal of impairment loss on right-of-use assets	-	-	-	-	(1,262)	-	-	-	(1,262)
- Amortisation of intangible assets	91	96	-	-	-	-	-	-	187
- Share of loss of joint ventures	-	-	-	-	-	-	-	-	-
<b>Segment assets</b>	143,137	32,820	190	23,629	2,579	22	-	-	242,592
Segment assets includes:									
Investment in joint ventures	13	-	-	-	-	-	-	-	13
Additions to:									
- Property, plant and equipment	68	164	-	-	-	-	-	-	4,371
- Intangible assets	-	11	-	-	-	-	-	-	11
<b>Segment liabilities</b>	(138,815)	(6,360)	(19,607)	(19,572)	(32)	(16)	-	-	(192,293)



# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 36. SEGMENT INFORMATION (CONTINUED)

The segment information provided to senior management for the reportable segments is as follows: (continued)

	Singapore		Myanmar		Malaysia		Others	Elimination	Total
	Construction \$'000	Precast \$'000	Construction \$'000	Others \$'000	Construction \$'000	Others \$'000			
<b>Group</b>									
<b>2020</b>									
Revenue									
External customers	120,452	6,661	-	-	21,824	-	-	-	148,937
Inter-segment revenue	1,491	1,874	-	-	-	-	-	(7,834)	-
	121,943	8,535	-	-	21,824	-	-	(7,834)	148,937
<b>Result</b>									
Segment result before interest	(18,382)	(6,333)	(508)	(1,007)	(1,508)	(1,919)	204	(83)	(29,536)
Interest income									23
Loss before income tax									(29,513)
Income tax expense									844
Net loss									(28,669)
<b>Segment results include:</b>									
- Depreciation of property, plant and equipment	5,282	2,047	-	283	61	2,147	-	-	9,820
- Impairment of property, plant and equipment	-	-	-	-	1,262	-	-	-	1,262
- Amortisation of intangible assets	106	108	-	-	-	-	-	-	214
- Share of profit of joint ventures	6	-	-	-	-	-	-	-	6
<b>Segment assets</b>	147,563	33,780	144	24,603	1,298	40,619	49	-	248,056
Segment assets includes:									
Investment in joint ventures	15	-	-	-	-	-	-	-	15
Additions to:									
- Property, plant and equipment	2,708	196	-	1	-	16,338	-	-	19,243
- Intangible assets	-	27	-	-	-	-	-	-	27
<b>Segment liabilities</b>	(158,843)	(5,732)	(5,160)	(17,250)	(3)	(8,226)	(13)	-	(195,227)

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 36. SEGMENT INFORMATION (CONTINUED)

Revenue between segments are recognised at market terms. The revenue from external parties reported to the senior management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Senior management assesses the performance of the operating segments based on net profit whereby the amounts are prepared on the same basis as the financial statements. Accordingly, there are no reconciling items to be disclosed.

The amounts reported to senior management with respect to total assets, total liabilities have been prepared on the same basis as the financial statements. Accordingly, there are no reconciling items to be disclosed.

Revenues of \$69,437,000 (2020: \$63,154,000) are derived from 3 external customers (2020: 3 external customers). These revenues are attributable to the Singapore construction and Myanmar construction segments.

## 37. ULTIMATE CONTROLLING PARTY

The Company's ultimate controlling party is Mr Lim Chap Huat who is a controlling shareholder and director of the Company.

## 38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted.

**Amendments to SFRS(I) 1-1 Presentation of Financial Statements:** Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

# Notes to The Financial Statements

For the financial year ended 31 December 2021

## 38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

**Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use** (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

**Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract** (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

## 39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Soilbuild Construction Group Ltd on 25 March 2022.

# Statistics of Shareholders

As At 16 March 2022

Class of Shares	: Ordinary shares
Voting Rights	: One vote per share
No. of Issued Shares ("Shares")	: 841,235,625

There are no treasury shares held in the issued capital of the Company.

## Analysis of Shareholders

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	222	16.83	203,600	0.02
1,001 - 10,000	381	28.88	2,225,850	0.27
10,001 - 1,000,000	689	52.24	70,670,460	8.40
1,000,001 and above	27	2.05	768,135,715	91.31
	1,319	100.00	841,235,625	100.00

## Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Lim Chap Huat	627,650,759	74.61	2,731,700 <sup>(1)</sup>	0.32

### Note:

<sup>(1)</sup> Lim Chap Huat is deemed to have an interest in the 2,731,700 shares held by his spouse, Madam Leo Jee Lin.

# Statistics of Shareholders

As At 16 March 2022

## Twenty Largest Shareholders

No.	Name of Shareholders	Number of Shares	%
1.	Lim Chap Huat	627,650,759	74.61
2.	Lim Han Ren (Lin Hanren)	34,062,500	4.05
3.	DBS Nominees Pte Ltd	19,815,431	2.36
4.	Lim Han Qin	14,621,900	1.74
5.	Lim Han Feng (Lin Hanfeng)	13,750,000	1.63
6.	Wong Koon Chue @ Wong Koon Chua	6,822,000	0.81
7.	Ho Kiat Chong	5,774,000	0.69
8.	Ng Hock Kon	5,090,000	0.61
9.	OCBC Securities Private Ltd	4,792,500	0.57
10.	Phillip Securities Pte Ltd	4,290,625	0.51
11.	Lee Chee Seng	3,000,000	0.36
12.	Leo Jee Lin	2,731,700	0.32
13.	Chia Cheng Liang	2,682,000	0.32
14.	Chew Thye Nooi @ Chiew Ai Hwa	2,500,000	0.30
15.	Lim Sze Pheng	2,500,000	0.30
16.	Ng Siew Lan	2,420,000	0.29
17.	Lim Chap Heng	2,195,625	0.26
18.	Lim Mary	2,039,900	0.24
19.	Raffles Nominees (Pte) Limited	1,515,150	0.18
20.	Amir Hamzah Bin Mohamed Salleh	1,507,125	0.18
		759,761,215	90.33

## Shareholding Held in the Hands of Public

Based on the information provided, to the best knowledge of the Directors and the substantial shareholders of the Company, 17.00% of the issued share capital of the Company was held in the hands of public as at 16 March 2022. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

# Statistics of Warrantholders

As At 16 March 2022

Distribution of warrantholders by size of warrantholdings (W240729)

Size of Warrantholdings	Number of Warrantholders	%	Number of Warrants	%
1 - 99	0	0.00	0	0.00
100 - 1,000	9	5.84	8,500	0.01
1,001 - 10,000	42	27.27	302,250	0.18
10,001 - 1,000,000	95	61.69	13,730,506	8.16
1,000,001 and above	8	5.20	154,205,869	91.65
	154	100.00	168,247,125	100.00

Twenty Largest Warrantholders (W240729)

No.	Name of Warrantholders	Number of Warrants	%
1.	Lim Chap Huat	135,090,544	80.29
2.	Lim Han Ren (Lin Hanren)	6,812,500	4.05
3.	Lim Han Qin	2,812,500	1.67
4.	DBS Nominees Pte Ltd	2,807,100	1.67
5.	Lim Han Feng (Lin Hanfeng)	2,750,000	1.63
6.	Phillip Securities Pte Ltd	1,533,225	0.91
7.	UOB Kay Hian Pte Ltd	1,210,000	0.72
8.	Ho Kiat Chong	1,190,000	0.71
9.	Lee Chee Seng	1,000,000	0.59
10.	Wong Koon Chue @ Wong Koon Chua	1,000,000	0.59
11.	Chia Cheng Liang	962,200	0.57
12.	OCBC Securities Private Ltd	862,500	0.51
13.	Tan Jui Yak	815,500	0.48
14.	Chan Hiang Ngee	500,000	0.30
15.	Chew Thye Nooi @ Chew Ai Hwa	500,000	0.30
16.	Lim Sze Pheng	500,000	0.30
17.	Lim Chap Heng	439,125	0.26
18.	Ho Toon Bah	316,446	0.19
19.	Amir Hamzah Bin Mohamed Salleh	301,425	0.18
20.	Lim Miao Hua	274,300	0.16
	<b>Total</b>	<b>161,677,365</b>	<b>96.08</b>

# Notice of Ninth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of Soilbuild Construction Group Ltd. (the “**Company**”) will be held by way of electronic means on Tuesday, 26 April 2022 at 10.00 a.m. to transact the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2021 and the Directors’ Statement and Independent Auditor’s Report thereon. **(Resolution 1)**
2. To approve the Directors’ fees of S\$260,000 for the financial year ending 31 December 2022. (2021: \$150,000.00)  
*(See Explanatory Note 1)* **(Resolution 2)**
3. To re-elect the following Directors retiring by rotation pursuant to Article 94 of the Company’s Constitution:
  - (i) Mr Teo Chee Seng (Article 94) *(see Explanatory Note 2)* **(Resolution 3)**
  - (ii) Ms Lim Cheng Hwa (Article 94) *(see Explanatory Note 3)* **(Resolution 4)**

Mr Teo Chee Seng will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a Member of the Audit and Nominating Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Ms Lim Cheng Hwa will, upon re-election as Director of the Company, remain as the Non-Executive Director of the Company.
4. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, of which Resolutions 6, 7, 8, 9, 10, 11, 12 and 13 will be proposed as ordinary resolutions, with or without modifications:

### ORDINARY RESOLUTIONS

5. **Authority to allot and issue shares**
  - (a) That pursuant to Section 161 of the Companies Act 1967 of Singapore and the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
    - (i) issue shares of the Company whether by way of rights, bonus or otherwise;
    - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and
    - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

# Notice of Ninth Annual General Meeting

- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always 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 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company. Unless prior shareholder approval is required under the Listing Manual, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

For the purpose of this resolution, the total number of issued shares excluding treasury shares and subsidiary holdings is based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for:

- (a) new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and
- (b) any subsequent bonus issue, consolidation or subdivision of the Company's shares;

and

- (2) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. *(See Explanatory Note 4) (Resolution 6)*

## 6. Authority to grant options and to allot and issue shares under the Soilbuild Construction Employee Share Option Scheme

That authority be and is hereby given to the Directors of the Company to:

- (a) offer and grant options in accordance with the provisions of the Soilbuild Construction Employee Share Option Scheme (the "**Scheme**"); and
- (b) allot and issue from time to time such number of fully-paid ordinary shares of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted under the Scheme,

provided always that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, and (ii) existing ordinary shares (including shares held in treasury) delivered and/or to be delivered, pursuant to the Scheme and the Soilbuild Construction Performance Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time, as determined in accordance with the provisions of the Scheme.

*(See Explanatory Note 5) (Resolution 7)*



# Notice of Ninth Annual General Meeting

## 7. Authority to grant awards and allot and issue shares under the Soilbuild Construction Performance Share Plan

That authority be and is hereby given to the Directors of the Company to:

- (a) grant awards in accordance with the provisions of the Soilbuild Construction Performance Share Plan (the “PSP”); and
- (b) allot and issue from time to time such number of fully-paid ordinary shares of the Company as may be required to be issued pursuant to the vesting of awards granted under the PSP,

provided always that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, and (ii) existing ordinary shares (including shares held in treasury) delivered and/or to be delivered, pursuant to the PSP and the Soilbuild Construction Employee Share Option Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time, as determined in accordance with the provisions of the PSP.

*(See Explanatory Note 6) (Resolution 8)*

## 8. Proposed Renewal of the General Mandate for Interested Person Transactions

That:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST (“Chapter 9”), for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of Mandated Interested Person Transactions described in the Appendix to the Notice of Ninth Annual General Meeting (the “Appendix”) which is enclosed with the Company’s Annual Report 2021, with any party who is of the class of Mandated Interested Persons described in the Appendix, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for Mandated Interested Person Transactions (the “IPT Mandate”) as set out in the Appendix;
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

*(See Explanatory Note 7) (Resolution 9)*

## 9. Approval for the continued appointment of Mr Poon Hon Thang, as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders

That for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST, and subject to and contingent upon the passing of Ordinary Resolution 11 by shareholders (excluding the Directors and Chief Executive Officer (“CEO”) of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST):

- (a) the continued appointment of Mr Poon Hon Thang as an Independent Director be and is hereby approved; and
- (b) such approval shall continue in force until the earlier of: (i) the retirement or resignation of Mr Poon Hon Thang as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.

*(See Explanatory Note 8) (Resolution 10)*

# Notice of Ninth Annual General Meeting

10. **Approval for the continued appointment of Mr Poon Hon Thang, as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders excluding the Directors and CEO of the Company, and their respective associates**

That for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST, and subject to and contingent upon the passing of Ordinary Resolution 10 by all shareholders of the Company:

- (a) the continued appointment of Mr Poon Hon Thang as an Independent Director be and is hereby approved; and
- (b) such approval shall continue in force until the earlier of: (i) the retirement or resignation of Mr Poon Hon Thang as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.  
*(See Explanatory Note 8) (Resolution 11)*

11. **Approval for the continued appointment of Mr Teo Chee Seng, as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders**

That contingent upon the passing of Ordinary Resolution 3 above, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST, and subject to and contingent upon the passing of Ordinary Resolution 13 by shareholders (excluding the Directors and CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST):

- (a) the continued appointment of Mr Teo Chee Seng as an Independent Director be and is hereby approved; and
- (b) such approval shall continue in force until the earlier of: (i) the retirement or resignation of Mr Teo Chee Seng as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.  
*(See Explanatory Note 8) (Resolution 12)*

12. **Approval for the continued appointment of Mr Teo Chee Seng, as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders excluding the Directors and CEO of the Company, and their respective associates**

That contingent upon the passing of Ordinary Resolution 3 above, for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST, and subject to and contingent upon the passing of Ordinary Resolution 12 by all shareholders of the Company:

- (a) the continued appointment of Mr Teo Chee Seng as an Independent Director be and is hereby approved; and
- (b) such approval shall continue in force until the earlier of: (i) the retirement or resignation of Mr Teo Chee Seng as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution.  
*(See Explanatory Note 8) (Resolution 13)*

13. **To transact any other ordinary business which may be properly transacted at an Annual General Meeting.**

## BY ORDER OF THE BOARD

Lee Bee Fong (Ms)  
Company Secretary  
Singapore, 2 April 2022

# Notice of Ninth Annual General Meeting

## Explanatory Notes on the Ordinary Business and Special Business to be transacted:

1. The ordinary resolution proposed in item 2 above is to seek approval for the payment of Directors' fees for the financial year ending 31 December 2022.

The Directors' fees proposed for the financial year ending 31 December 2022 are calculated based on the assumption that all Directors will hold office until the end of the financial year, except for Mr Tan Jee Ming who will retire as a Director of the Company and whose Director's fee will then be pro-rated based on the period of service.

This resolution is to facilitate the payment of Directors' fees for the financial year ending 31 December 2022 based on the current Board size. In the event the Directors' fees proposed is insufficient (eg. due to the enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

2. In relation to the ordinary resolution proposed in item 3 (i) above, there is no relationship (including immediate family relationships) between Mr Teo Chee Seng and the other Directors and the Company or its substantial shareholder and the detailed information on Mr Teo Chee Seng is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2021.
3. In relation to the ordinary resolution proposed in item 3(ii) above, Ms Lim Cheng Hwa is the Non-Executive Director of the Company and a Director of Soilbuild Group Holdings Ltd. (of which Mr Lim Chap Huat, the Company's Executive Chairman is the sole shareholder). Apart from that, there is no relationship (including immediate family relationships) between Ms Lim Cheng Hwa and the other Directors and the Company or its substantial shareholder and detailed information on Ms Lim Cheng Hwa is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2021.
4. The ordinary resolution proposed in item 5 above is to authorise the Directors of the Company from the date of the Meeting until the next Annual General Meeting to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the total number of shares (including shares to be issued in pursuance of instruments made or granted) issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") currently provides that the total number of issued shares excluding treasury shares and subsidiary holdings of the Company for this purpose shall be the total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
5. The ordinary resolution proposed in item 6 above, if passed, will empower the Directors of the Company to offer and grant options under the Soilbuild Construction Employee Share Option Scheme ("**the Scheme**") in accordance with and pursuant to the rules of the Scheme and to allot and issue from time to time such number of fully-paid shares as may be required to be allotted and issued pursuant to the exercise of such options under the Scheme, provided always that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, and (ii) existing ordinary shares (including treasury shares) delivered and/or to be delivered, pursuant to options granted under the Scheme and awards granted under the Soilbuild Construction Performance Share Plan (the "**PSP**") shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

# Notice of Ninth Annual General Meeting

6. The ordinary resolution proposed in item 7 above, if passed, will empower the Directors of the Company to grant awards under the PSP in accordance with and pursuant to the rules of the PSP and to allot and issue from time to time such number of fully-paid shares as may be required to be allotted and issued pursuant to the vesting of such awards under the PSP, provided always that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, and (ii) existing ordinary shares (including treasury shares) delivered and/or to be delivered, pursuant to awards granted under the PSP and options granted under the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.
7. The ordinary resolution proposed in item 8 above, if passed, will renew, effective until the conclusion of the next Annual General Meeting, the mandate (the “**IPT Mandate**”) to enable the Company, its subsidiaries and associated companies which are considered “**entities at risk**” to enter in the ordinary course of business into certain types of interested person transactions with specific classes of the Company’s interested persons. Particulars of the IPT Mandate are set out in the Appendix to this Notice of Ninth Annual General Meeting (the “**Appendix**”) which is enclosed with the Company’s Annual Report 2021.
8. The Ordinary Resolutions 10, 11, 12 and 13 are to approve the continued appointment of Mr Poon Hon Thang and Mr Teo Chee Seng as Independent Directors of the Company.

Mr Poon Hon Thang and Mr Teo Chee Seng were appointed as Independent Directors of the Company on 8 May 2013 and will serve the Board beyond nine (9) years from 9 May 2022. The Company is seeking the requisite approval from shareholders under \*Rule 210(5)(d)(iii)(A) and (B) of the Listing Manual of the SGX-ST for Mr Poon Hon Thang and Mr Teo Chee Seng’s continued appointment as an Independent Director from 9 May 2022. In the case if Mr Poon Hon Thang and Mr Teo Chee Seng do not obtain a majority of shareholders’ approval through the two-tiered voting process, they will cease to be considered independent for the purpose of 210(5)(d)(iii) of the Listing Manual of the SGX-ST on 9 May 2022 and will be re-designated as non-executive and non-independent directors of the Company. The Company shall endeavor to search for suitable candidate(s) and fill the vacancies of Mr Poon Hon Thang and Mr Teo Chee Seng within two, but no later than three months from the date of the AGM to fulfill the requirements of the Listing Rules and the Code of Corporate Governance, where applicable.

\* Under Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which took effect from 1 January 2022), a director will not be independent if he has been a director for an aggregate period of more than nine (9) years and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors and the chief executive officer of the company, and associates of such directors and chief executive officer. Such resolutions may remain in force until the earlier of the retirement or resignation of the director or the conclusion of the third annual general meeting of the company following the passing of the resolutions.

## Notes:

1. In compliance of COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**Order**”), the Annual General Meeting (“**AGM**”) will be conducted by way of electronic means and shareholders will NOT be allowed to attend the AGM physically. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company’s corporate website <https://www.soilbuildconstruction.com/home>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by: (a) watching or listening to the AGM proceedings via a Live Webcast or Live Audio Feed (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 3 below; (b) submitting questions ahead of the AGM. Please refer to Notes 8 to 11 below for further details; and (c) voting by proxy at the AGM. Please refer to Notes 12 to 18 below for further details.

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## Participation in the AGM via Live Webcast or Live Audio Feed

- All shareholders of the Company or their corporate representatives (in the case of shareholders which are legal entities) will be able to participate at the AGM by watching or listening to the proceedings of the AGM through a “live” webcast (via their mobile phones, tablets or laptops/computers (“**Live Webcast**”) or Live Audio Feed (via telephone). In order to do so, shareholders are required to pre-register their participation at the AGM at the URL: <https://rebrand.ly/Soilbuild-Ltd-AGM-2022> by 10.00 a.m. on 23 April 2022 (“**Registration Deadline**”) for verification of their status as Shareholders (or the corporate representatives of such Shareholders).
- Upon successful verification, each such authenticated Shareholder or its corporate representative will receive an email on their authentication status which will contain an user ID, a password and a link to access the Live Webcast to watch the proceedings of the AGM, as well as a telephone number to access the Live Audio Feed to listen to the proceedings of the AGM.
- Shareholders or their corporate representatives must not forward the email to other persons who are not Shareholders and who are not entitled to participate at the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast or Live Audio Feed.
- Shareholders or their corporate representatives who have pre-registered by the Registration Deadline in accordance with paragraph 3 above but do not receive an email by 10.00 a.m. on 25 April 2022 may contact the Company via email at [sbcg\\_ir@soilbuild.com](mailto:sbcg_ir@soilbuild.com), with the following details included: (1) the member’s full name; and (2) his/her/its identification/ registration number.
- All shareholders who hold shares through a securities sub-account in Depository Agents (“DAs”) must inform their respective DAs providing their DAs with their registration details in order for their DA to in turn pre-register their interest with the Company.

## Submission of Questions prior to the AGM

- Shareholders may submit any questions related to the resolutions to be tabled at the AGM by post or email (please refer to Notes 9 to 11 below for further details) by 14 April 2022. The Company will endeavour to address all substantial and relevant questions received from Shareholders relating to the agenda of the AGM prior to the AGM by publishing the responses to these questions on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <https://www.soilbuildconstruction.com>.
- To do so, all questions must be submitted no later than 14 April 2022 through any one of the following means: (a) in physical copy by depositing the same at the office of the Company’s Share Registrar at 80 Robinson Road, #11-02, Singapore 068898; or (b) by email to the [sbcg\\_ir@soilbuild.com](mailto:sbcg_ir@soilbuild.com).
- The Company shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the AGM on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website within one (1) month after the date of the AGM.
- If the questions are deposited in physical copy at the office of the Company’s Share Registrar or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member’s full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

## Voting by Proxy

- Voting at the AGM is by proxy ONLY. Please note that Shareholders will not be able to vote through the Live Webcast or Live Audio Feed and can only vote with their Proxy Forms (as defined herein) which are required to be submitted in accordance with the following paragraphs.**
- A shareholder (whether individual or corporate and including Relevant Intermediary\*, as defined in Section 181 of the Companies Act 1967 of Singapore) may only exercise their voting rights at the AGM via proxy voting. He/she/it must submit his/her/its Proxy Form appointing the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM. The proxy form for the AGM may be accessed on the Company website <https://www.soilbuildconstruction.com/home>, and on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.
- Where a shareholder (whether individual or corporate and including a Relevant Intermediary\*, as defined in Section 181 of the Companies Act 1967 of Singapore) 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.

# Notice of Ninth Annual General Meeting

15. The duly executed instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner: (i) post to the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or (ii) electronic mail to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com), in either case by 10.00 a.m. on 23 April 2022 (being not less than 72 hours before the time appointed for the AGM) and in default the Proxy Form for the AGM shall not be treated as valid. A shareholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

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

16. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
17. CPF Investors and SRS Investors who wish to vote, should approach their respective CPF Agent Banks / SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy by 14 April 2022 (at least 7 working days before the AGM).
18. A Depositor's name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

**"Relevant Intermediary"** means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

## **Personal data privacy:**

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via Live Webcast or Live Audio Feed, or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy 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);
- (ii) processing of the registration for purpose of granting access to members of the Company (or their corporate representatives in the case of members of the Company which are legal entities) to the LIVE WEBCAST or LIVE AUDIO FEED to observe the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members of the Company received before the AGM and if necessary, following up with the relevant members of the Company in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/ or guidelines by the relevant authorities.

# Disclosure of Information on Directors Seeking Re-Election

Mr Teo Chee Seng and Ms Lim Cheng Hwa are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 April 2022 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	Mr Teo Chee Seng	Ms Lim Cheng Hwa
Date of Appointment	8 May 2013	8 May 2013
Date of last re-appointment	24 June 2020	26 April 2019
Age	68	49
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Teo Chee Seng for re-appointment as Independent Director of the Company. The Board have reviewed and concluded that Mr Teo Chee Seng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Ms Lim Cheng Hwa for re-appointment as Non-Executive Director of the Company. The Board have reviewed and concluded that Ms Lim Cheng Hwa possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of Remuneration Committee and member of the Audit and Nominating Committee	Non-Executive Director
Professional qualifications	Bachelor of Laws (Honours) from the National University of Singapore and is a member of the Law Society of Singapore	Bachelor of Accountancy (Honours) from the Nanyang Technological University

# Disclosure of Information on Directors Seeking Re-Election

	<b>Mr Teo Chee Seng</b>	<b>Ms Lim Cheng Hwa</b>
Working experience and occupation(s) during the past 10 years	<p>2006 to current – Managing Director of Able Law Practice LLC</p> <p>1986 to 2006 – practicing at Chee &amp; Teo</p>	<p>2011 to current – Executive Director of Soilbuild Group Holdings Ltd. and also serves as the director of certain subsidiaries of Soilbuild Group Holdings Ltd.</p> <p>2010 to current – Director of Capital and Investment Management of Soilbuild Group Holdings Ltd., handling all financial accounting, tax and treasury matters business and investment development, corporate communications, human resources and administration of the Group</p> <p>2013 to 2021 – Non-Executive Director of SB REIT Management Pte. Ltd., the manager of Soilbuild Business Space REIT</p> <p>2007 to 2009 – Group Financial Controller at Soilbuild Group Holdings Ltd.</p>
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest: 250,000 ordinary shares and 50,000 warrants of the Company	Direct Interest: 250,000 ordinary shares and 50,000 warrants of the Company
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	No	Ms Lim Cheng Hwa is a Director of Soilbuild Group Holdings Ltd. (of which Mr Lim Chap Huat, the Company's Executive Chairman, is the sole shareholder).
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes



# Disclosure of Information on Directors Seeking Re-Election

**Mr Teo Chee Seng**

**Ms Lim Cheng Hwa**

<b>Other Principal Commitments* Including Directorships#</b>		
Past (for the last 5 years)	Nil	1. SB REIT Management Pte. Ltd.
Present	<ol style="list-style-type: none"> <li>1. Soilbuild Construction Group Ltd.</li> <li>2. Able Law Practice LLC</li> <li>3. Allswell Enterprise Pte. Ltd.</li> <li>4. Australia Management Pte. Ltd.</li> <li>5. Cantonment Link Warehouse Pte. Ltd.</li> <li>6. Envictus Brands Pte. Ltd.</li> <li>7. Envictus International Holdings Limited</li> <li>8. Lasseters International Holdings Limited</li> <li>9. Lasseters International Pte. Ltd.</li> <li>10. United Overseas Australia Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Soilbuild Construction Group Ltd.</li> <li>2. Soilbuild Group Holdings Ltd.</li> <li>3. SB Development Pte. Ltd.</li> <li>4. SB (Kemaman) Development Pte. Ltd.</li> </ol>

**Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.**

a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No

# Disclosure of Information on Directors Seeking Re-Election

	Mr Teo Chee Seng	Ms Lim Cheng Hwa
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

# Disclosure of Information on Directors Seeking Re-Election

	Mr Teo Chee Seng	Ms Lim Cheng Hwa
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>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</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>
<p>k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	<p>No</p>	<p>No</p>

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**SOILBUILD CONSTRUCTION GROUP LTD.**

(Company Registration No. 201301440Z)

(Incorporated in the Republic of Singapore)

# PROXY FORM

**IMPORTANT:**

1. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
2. CPF Investors and SRS Investors who wishes to vote, should approach their respective CPF Agent Banks / SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the AGM.
3. 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 Ninth Annual General Meeting dated 2 April 2022.

\*I/We \_\_\_\_\_ (\*NRIC/ Passport/Company Registration No.) of \_\_\_\_\_ (address)

being \*a member/members of Soilbuild Construction Group Ltd. (the "Company"), hereby appoint the Chairman of the Annual General Meeting (the "AGM") of the Company, as \*my/our proxy to vote for \*me/us on \*my/our behalf, at the AGM of the Company to be held by way of electronic means, on Tuesday, 26 April 2022 at 10.00 a.m. and at any adjournment thereof.

\*I/We direct the Chairman of AGM to vote for, vote against or abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder.

**Members should specifically indicate in this Proxy Form how they wish to vote for or against (or abstain from voting on) the resolutions to be tabled at the AGM.** In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy will be treated as invalid.

NOTE: Each resolution at the Annual General Meeting will be voted on by way of a poll. The Chairman will not exercise his casting vote.

No.	ORDINARY RESOLUTIONS	For	Against	Abstain
<b>ORDINARY BUSINESS</b>				
1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021 and the Directors' Statement and Independent Auditor's Report thereon.			
2	To approve the Directors' fees for the financial year ending 31 December 2022.			
3	To re-elect Mr Teo Chee Seng retiring by rotation pursuant to Article 94 of the Company's Constitution.			
4	To re-elect Ms Lim Cheng Hwa retiring pursuant to Article 94 of the Company's Constitution.			
5	To re-appoint PricewaterhouseCoopers LLP as auditor of the Company and to authorise the Directors to fix their remuneration.			
<b>SPECIAL BUSINESS</b>				
6	To authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act 1967 of Singapore and the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST").			
7	To authorise Directors to offer and grant options and to allot and issue shares pursuant to the Soilbuild Construction Employee Share Option Scheme.			
8	To authorise Directors to grant awards and to allot and issue shares pursuant to the Soilbuild Construction Performance Share Plan.			
9	To authorise the Company, its subsidiaries and associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST.			
10	Approval for the continued appointment of Mr Poon Hon Thang, as an Independent Director, pursuant to Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders			
11	Approval for the continued appointment of Mr Poon Hon Thang, as an Independent Director, pursuant to Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders excluding the Directors and CEO of the Company, and their respective associates			
12	Approval for the continued appointment of Mr Teo Chee Seng, as an Independent Director, pursuant to Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders			
13	Approval for the continued appointment of Mr Teo Chee Seng, as an Independent Director, pursuant to Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders excluding the Directors and CEO of the Company, and their associates			

\* Delete accordingly.

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

**Total Number of Shares Held**

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal of Corporate Shareholder

**IMPORTANT:** Please read notes overleaf

**Notes:**

1. In accordance with the alternative arrangements under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, members of the Company who wish to have their votes cast at the AGM is by proxy ONLY.
2. A member (whether individual or corporate and including a relevant intermediary (as defined in Section 181 of the Companies Act 1967 of Singapore) must submit his/her/its proxy form appointing the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the AGM as proxy, such member must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This Proxy Form is not valid for use by investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. **CPF/SRS investors should approach their respective CPF Agent Banks/SRS Operators at least seven working days before the AGM to specify voting instructions.**
4. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares in the box provided next to CDP Register. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares in the box provided next to Register of Members.
5. The Chairman of the AGM, as proxy, need not be a member of the Company.
6. The duly executed instrument appointing the Chairman of the AGM as proxy must be submitted to the Company:

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- (i) if submitted by post, be deposited at the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or  
(ii) if submitted via email, be submitted to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com).

In either case, the proxy form shall be received by the Company not less than seventy-two (72) hours before the time for holding of the AGM.

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

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

7. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
8. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).
9. In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding of the AGM as certified by The Central Depository (Pte) Limited to the Company.

**Affix  
Postage  
Stamp**

**The Company Secretary**  
**SOILBUILD CONSTRUCTION GROUP LTD.**  
c/o Tricor Barbinder Share Registration Services  
80 Robinson Road  
#11-02  
Singapore 068898

**If you are in any doubt as to the contents herein or as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

**APPENDIX TO THE  
NOTICE OF NINTH ANNUAL GENERAL MEETING  
DATED 2 APRIL 2022**

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## DEFINITIONS

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In this Appendix, the following definitions apply throughout unless otherwise stated:

<b>“AGM”</b>	:	The Annual General Meeting of the Company to be held on 26 April 2022
<b>“Associate”</b>	:	An associate as defined under the Listing Manual
<b>“Audit Committee”</b>	:	The Audit Committee of the Company, comprising Mr Poon Hon Thang, Mr Tan Jee Ming and Mr Teo Chee Seng
<b>“Auditor”</b>	:	The auditor of the Company for the time being
<b>“Board”</b>	:	The board of directors of the Company
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Companies Act”</b>	:	The Companies Act, 1967 of Singapore
<b>“Company”</b>	:	Soilbuild Construction Group Ltd.
<b>“Control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<b>“Controlling Shareholder”</b>	:	A person who holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the Company (unless otherwise determined by the SGX-ST that a person who satisfies this sub-paragraph is not a Controlling Shareholder), or in fact exercises Control over the Company
<b>“Director”</b>	:	A director of the Company for the time being
<b>“FY”</b>	:	Financial year ended or, as the case may be, ending 31 December
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST
<b>“Non-executive Director”</b>	:	A director of the Company and/or its subsidiaries, other than one who performs an executive function
<b>“Securities Account”</b>	:	Securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
<b>“SFA”</b>	:	Securities and Futures Act, 2001 of Singapore
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register maintained by CDP. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
<b>“Shares”</b>	:	Ordinary shares of the Company
<b>“S\$”</b>	:	Singapore dollars
<b>“%”</b>	:	Percentage or per centum

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## DEFINITIONS

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The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them in the SFA.

The term “subsidiary holdings” means shares referred to in sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding.

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## APPENDIX TO THE NOTICE OF NINTH ANNUAL GENERAL MEETING

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### 1 INTRODUCTION

- 1.1 The Company refers to Resolution 9 of the Notice of Ninth Annual General Meeting of the Company (“**AGM**”). Resolution 9 is an ordinary resolution to be proposed at the AGM for the renewal of the Company’s general mandate for interested person transactions (the “**IPT Mandate**”).
- 1.2 The purpose of this Appendix is to provide Shareholders with information relating to Resolution 9.

### 2 PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

#### 2.1 Background

At the Eighth Annual General Meeting of the Company held on 23 April 2021 (the “**2021 AGM**”), Shareholders had approved the renewal of the IPT Mandate for the purposes of the Listing Manual. The terms of the IPT Mandate were set out in the Appendix to the Notice of Eighth Annual General Meeting dated 1 April 2021.

The IPT Mandate enables the Company, its subsidiaries and associated companies that are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual (the “**SBC Group**”), to enter in the ordinary course of business into any of the mandated transactions with specified classes of the Company’s interested persons, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Mr Lim Chap Huat is considered a Controlling Shareholder, and Mr Lim Chap Huat and his Associates, including Soilbuild Group Holdings Ltd. (“**Soilbuild Group Holdings**”), as well as the rest of the Directors and their Associates, are regarded as “interested persons” of the Company for the purposes of Chapter 9 of the Listing Manual.

#### 2.2 Annual Renewal of the IPT Mandate

The IPT Mandate renewed at the 2021 AGM was expressed to be effective until the conclusion of the forthcoming AGM. Hence, the IPT Mandate will continue in force only until the conclusion of the forthcoming AGM, which is to be held on 26 April 2022. Accordingly, it is proposed that the IPT Mandate be renewed at the forthcoming AGM, to take effect until the conclusion of the next annual general meeting of the Company.

#### 2.3 Particulars of the IPT Mandate to be Renewed

The nature of the interested person transactions and the classes of interested persons in respect of which the IPT Mandate is sought to be renewed remain unchanged. Particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the SBC Group, as well as the review procedures for determining transaction prices with the specified classes of interested persons, are set out in paragraph 2.6 of this Appendix.

#### 2.4 Audit Committee’s Confirmation

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices have not changed since the 2021 AGM; and
- (b) the methods and procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Transactions (as defined below) carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

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## APPENDIX TO THE NOTICE OF NINTH ANNUAL GENERAL MEETING

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### 2.5 Chapter 9 of the Listing Manual

2.5.1 Chapter 9 of the Listing Manual governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons.

2.5.2 Except for any transaction which is below S\$100,000 in value<sup>1</sup> and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company’s latest audited consolidated net tangible assets (“**NTA**”)), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5% of the listed company’s latest audited consolidated NTA; or
- (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2021, the consolidated NTA of the Company was S\$50.3 million. Accordingly, in relation to the Company, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until the audited consolidated financial statements of the Company for the financial year ending 31 December 2022 are published, 5% of the Company’s latest audited consolidated NTA would be S\$2.5 million.

<sup>1</sup> The IPT Mandate would, however, cover interested person transactions with values below S\$100,000 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 of the Listing Manual and treated as if they were one interested person transaction which has a value of S\$100,000 or more.

2.5.3 Chapter 9 of the Listing Manual, however, allows the Company to seek a mandate from its Shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for the SBC Group’s day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of the SBC Group’s day-to-day operations.

2.5.4 For the purposes of Chapter 9 of the Listing Manual:

- (a) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

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## APPENDIX TO THE NOTICE OF NINTH ANNUAL GENERAL MEETING

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- (b) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- (c) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (d) an “**entity at risk**” means:
  - (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (e) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder. The SGX-ST may also deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk, and (ii) an agreement or arrangement with an interested person in connection with that transaction;
- (f) an “**interested person transaction**” means a transaction between an entity at risk and an interested person;
- (g) a “**primary interested person**” means a director, chief executive officer or controlling shareholder of the listed company;
- (h) a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly; and
- (i) in interpreting the term “**same interested person**” for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905 and 906 of the Listing Manual, the following applies:
  - (i) transactions between (a) an entity at risk and a primary interested person; and (b) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person. Transactions between (i) an entity at risk and a primary interested person; and (ii) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person;
  - (ii) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
  - (iii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

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## APPENDIX TO THE NOTICE OF NINTH ANNUAL GENERAL MEETING

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### 2.6 Renewal of the IPT Mandate

2.6.1 **Introduction.** The Company anticipates that the SBC Group would, in the ordinary course of business, continue to enter into certain transactions with its interested persons (as such term is defined in the Listing Manual), including but not limited to those categories of transactions described below. In view of the time-sensitive and recurrent nature of commercial transactions, it would be advantageous for the Company to obtain an IPT Mandate to enter into certain interested person transactions in the normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. As the SBC Group is principally engaged in general construction services, such services would fall under the scope of recurrent transactions of a revenue nature, thereby allowing the Company to obtain an IPT Mandate pursuant to Rule 920(1) of the Listing Manual.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations.

The IPT Mandate will take effect from the passing of Resolution 9 relating thereto, and will continue in force until the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next annual general meeting and each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to the Mandated Transactions.

2.6.2 **Rationale for and Benefits of the IPT Mandate.** The SBC Group will benefit from transacting with Mandated Interested Persons (as defined below), in addition to non-Mandated Interested Persons, in an expeditious manner. The IPT Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with a specific class of Mandated Interested Persons arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the SBC Group.

The IPT Mandate is intended to facilitate transactions in the normal course of the SBC Group's business which are transacted from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out in accordance with the procedures outlined in this Appendix and on normal commercial terms and are not prejudicial to the Company and its minority Shareholders.

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will: (a) disclose in the Company's annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report.

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## APPENDIX TO THE NOTICE OF NINTH ANNUAL GENERAL MEETING

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2.6.3 **Entities at Risk.** For the purposes of the IPT Mandate, an “**Entity At Risk**” means:

- (a) the Company;
- (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or
- (c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group and its interested person(s) have control over the associated company.

2.6.4 **Classes of Mandated Interested Persons.** The IPT Mandate will apply to the transactions that are carried out with Soilbuild Group Holdings, the Company’s Directors and their respective Associates (the “**Mandated Interested Persons**”).

2.6.5 **Categories of Mandated Interested Person Transactions.** The types of transactions to which the IPT Mandate will apply (the “**Mandated Transactions**”), and the benefits to be derived therefrom, are set out below:

(a) Construction Transactions

This category of transactions pertains to the construction business of the SBC Group (“**Construction Transactions**”). The transactions within this category comprise:

- (i) the tender by the SBC Group for (whether by way of public tender, invitation or otherwise) and/or obtaining by the SBC Group of the award of contracts from the Mandated Interested Persons as main contractors, subcontractors, suppliers and/or consultants for construction, building, engineering, architectural, retro-fitting and/or alteration and addition works for residential, commercial, industrial, institutional, recreational, infrastructural and other projects, turnkey projects and design and build projects (“**Construction Services**”);
- (ii) the provision of renovation services (such as fitting-out, upgrading and tenancy works) (“**Renovation Services**”) by the SBC Group to the Mandated Interested Persons;
- (iii) the provision and/or obtaining of property-linked services (such as project management, property marketing, property and rental valuation services, building maintenance services and security services) (“**Property-linked Services**”) by the SBC Group to and/or from the Mandated Interested Persons; and
- (iv) the provision and/or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (iii) above, by the SBC Group to and/or from the Mandated Interested Persons.

(b) General Transactions

This category of transactions pertains to the general business transactions for services and products arising in the day-to-day operations of various companies in the SBC Group (“**General Transactions**”). The transactions within this category comprise:

- (i) the leasing and/or rental of properties, other than as envisaged in any lease agreement in force between the SBC Group and the Mandated Interested Persons; and
- (ii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraph (i) above.

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## APPENDIX TO THE NOTICE OF NINTH ANNUAL GENERAL MEETING

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2.6.6 **Review Procedures for Mandated Transactions with Mandated Interested Persons.** The SBC Group has an internal control system in place to ensure that Mandated Transactions with the Mandated Interested Persons are made on normal commercial terms and consistent with the SBC Group's usual policies and practices.

(a) The internal control system includes the following procedures:

Provision of Construction Services, Renovation Services and Property-linked Services

In relation to the provision of Construction Services, Renovation Services or Property-linked Services, the payments made by the Mandated Interested Person will be based on the higher tender price determined by the following approaches:

- (i) Comparable third party contracts approach: At least two recent contracts, for the same or substantially the same nature of Construction Services, Renovation Services or Property-linked Services, entered into by the SBC Group with third parties will be used as a basis of comparing and determining the tender price and commercial terms (including the credit terms) to be offered to the Mandated Interested Person, after taking into account, *inter alia*, if applicable, factors such as but not limited to, the complexity of the services rendered, the Mandated Interested Person's project specifications, the delivery schedule, the sufficiency and availability of resources, creditworthiness of the Mandated Interested Person, engineering and technical expertise requirements, soil conditions, and prevailing estimated project costs determined by quantity surveyor(s). The SBC Group will compare and determine the tender price in the following manner:
- (1) as the main drivers affecting construction costs are floor area and installations required, the contracts of a similar nature will be analysed on a cost per square feet or cost per installation basis. After analysing the costs in specific detail, the SBC Group will then derive a meaningful contract sum for the Mandated Interested Person. For example, in the construction of flatted factories, it is envisaged that the core materials and services required, as well as the construction method, will generally be similar; hence, the detailed costing methodology will also be similar;
  - (2) for all projects, the SBC Group will perform the internal costing and budgetary evaluations according to the design and specifications in the technical drawings. This process includes, *inter alia*, quantification and costing of materials, equipment, labour and services requirements, and where necessary, obtaining quotations from external suppliers and/or service providers to justify the costing; and
  - (3) adjustments to the contract sum will be made based on the assessment by the SBC Group to account for differences between the comparable third party contracts and the transaction with the Mandated Interested Person, as described above.
- (ii) Appropriate gross profit margins approach: Where it is impractical or impossible to compare against recent contracts entered into by the SBC Group with third parties, the tender price will be determined based on internal costing and budgetary evaluations of the arm's length project costs determined by a project director and quantity surveyor(s) marked up with an appropriate gross profit margin which will not be more favourable to the Mandated Interested Person than those extended to third parties, in line with the SBC Group's usual business and pricing policies (including the SBC Group's gross profit margin policies for contracting with third parties). For instance, it is impractical to adopt the comparable third party contracts approach when there are projects of a unique nature to be awarded by the Mandated Interested Person. In such situations, the SBC Group may not have executed projects of a similar nature with third parties. For example, the SBC Group has not been involved in the construction of major infrastructure projects and there are no meaningful comparable third party contracts available. In such instances, the SBC Group will have to rely on the appropriate gross margins approach which utilises a bottom up methodology to derive a reasonable tender price based on costing and budgetary fundamental factors and marked up with an acceptable gross profit margin.



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## APPENDIX TO THE NOTICE OF NINTH ANNUAL GENERAL MEETING

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In determining the appropriate gross profit margin, the SBC Group will take into account, *inter alia*, if applicable, factors such as but not limited to, the complexity of the services rendered, the Mandated Interested Person's specifications, the delivery schedule, the sufficiency and availability of resources, creditworthiness of the Mandated Interested Person, engineering and technical expertise requirements, and soil conditions. In addition, the Audit Committee or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose will check that the appropriate gross profit margin is in line with those reported by certain construction companies deemed relevant for the purposes of comparison based on the nature of business, business segments and geographical segments of such companies.

### Others

Except for the provision of Construction Services, Renovation Services or Property-linked Services, in relation to Construction Transactions and General Transactions, any transaction proposed to be carried out with a Mandated Interested Person for the obtaining or provision of the services or products described above shall be made at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to a Mandated Interested Person) are no more favourable to the Mandated Interested Person than those extended to third parties, or (in relation to services or products to be obtained from a Mandated Interested Person) are no less favourable than those extended by the Mandated Interested Person to third parties, and on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

For the above purposes, market rates will be reviewed where applicable. As a basis for comparison to determine whether the price and terms offered to the Mandated Interested Person are no more favourable than those extended to third parties, at least two recent contracts for the same or substantially the same types of transactions entered into by the SBC Group with third parties will be used. As a basis for comparison to determine whether the terms offered by the Mandated Interested Person are fair and reasonable (taking into account, where relevant, factors such as pricing, delivery schedule, rebates or discounts accorded for bulk purchases), quotes will be obtained wherever possible from at least two third party suppliers, for the same or substantially similar quantities and quality of products and/or services. Where it is impractical or not possible for such contracts or (as the case may be) quotes to be obtained:

- (i) in relation to the sale of goods or services to the Mandated Interested Person, the terms of supply will be determined in accordance with the SBC Group's usual business practice and consistent with the margins obtained by the SBC Group in its business operations; and
- (ii) in relation to the purchase of goods or services from the Mandated Interested Person, the terms of supply will be compared to those for the same or substantially the same types of transactions entered into between the Mandated Interested Persons and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Mandated Interested Person to its customers for such services or products and be based on the commercial merits of the transaction. Where it is impractical or not possible to compare the terms of supply with those for the same or substantially the same types of transactions entered into between the Mandated Interested Persons and third parties, the Relevant Authorised Persons (as referred to in sub-paragraph (b) below) will determine whether the terms of supply are fair and reasonable. This would include taking into account, where known, among other matters as may be necessary, the nature and duration of the transaction, the cost and margins of the relevant project (if any) and the quality of the items or services to be purchased.

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## APPENDIX TO THE NOTICE OF NINTH ANNUAL GENERAL MEETING

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- (b) The following review and approval procedures will apply to the Mandated Transactions:
- (i) Transactions equal to or exceeding S\$100,000 each in value but below the Financial Limit (as defined below) each in value, will be reviewed and approved by either the Company's Chief Executive Officer, together with the Audit Committee or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose (collectively, the "**Relevant Authorised Persons**"), and tabled for review by the Audit Committee on a half-yearly basis.
  - (ii) Transactions equal to or exceeding the Financial Limit each in value will be reviewed and approved by the Audit Committee.
  - (iii) Any of the Relevant Authorised Persons, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including requesting for an independent financial adviser's opinion and/or the obtaining of valuations from independent professional valuers.

For the purposes of sub-paragraphs (i) and (ii) above, the Financial Limit shall be the amount equivalent to 5% of the Group's audited consolidated NTA for the time being, as determined by reference to the Group's latest announced audited consolidated financial statements.

- (c) The following will apply to the review and approval process for all categories of Mandated Transactions:
- (i) If any of the Relevant Authorised Persons has an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the remaining Relevant Authorised Persons who do not have an interest in the transaction or are not nominees for the time being of the Mandated Interested Person, save that if both of the Chief Executive Officer of the Company have an interest in the transaction or are nominees for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the Audit Committee or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose.
  - (ii) If all of the Relevant Authorised Persons have an interest in the transaction or are nominees for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Mandated Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose.
  - (iii) If a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.
  - (iv) If a member of the Audit Committee (who is not a nominee of the Mandated Interested Person and has no interest in the transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit Committee in relation to a transaction with that Mandated Interested Person, he will abstain from participating on any decision before the board or committee of that Mandated Interested Person with respect to such transaction.

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## APPENDIX TO THE NOTICE OF NINTH ANNUAL GENERAL MEETING

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- (d) The Company will maintain a register of Mandated Transactions carried out with Mandated Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of all Mandated Transactions entered into in the relevant financial year pursuant to the IPT Mandate.

The Audit Committee will review the internal audit reports on Mandated Transactions to ascertain that the internal control procedures and review procedures for Mandated Transactions have been complied with.

- (e) If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the SBC Group or the Mandated Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that the Mandated Transactions will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

### 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders of the Company in the issued share capital of the Company can be found on pages 52 and 130 of the Company's Annual Report 2021.

### 4. ABSTENTION FROM VOTING

Mr Lim Chap Huat, the Executive Chairman of the Company, is a director of Soilbuild Group Holdings. Ms Lim Cheng Hwa, a Non-Executive Director of the Company, is also a director of Soilbuild Group Holdings. As Soilbuild Group Holdings is an interested person in relation to the IPT Mandate, each of Mr Lim Chap Huat and Ms Lim Cheng Hwa has abstained from making any recommendation to Shareholders in relation to the proposed renewal of the IPT Mandate.

Mr Lim Chap Huat, Ms Lim Cheng Hwa, the Relevant Directors (as defined below), Soilbuild Group Holdings and their respective Associates, which or who are interested persons in relation to the renewal of the IPT Mandate, will also abstain from voting their Shares, if any, at the AGM in respect of Resolution 9 relating to the renewal of the IPT Mandate, and will also decline to accept appointment as proxy for any Shareholder to vote in respect of Resolution 9 unless that Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 9. The Company will disregard any votes cast by Mr Lim Chap Huat, Ms Lim Cheng Hwa, the Relevant directors (as defined below), Soilbuild Group Holdings and their respective Associates, which or who are interested persons in relation to the renewal of the IPT Mandate, in respect of their holdings of Shares (if any) on Resolution 9.

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## APPENDIX TO THE NOTICE OF NINTH ANNUAL GENERAL MEETING

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### 5. DIRECTORS' RECOMMENDATIONS

#### Proposed Renewal of the General Mandate for Interested Person Transactions

Notwithstanding that all the Directors are Mandated Interested Persons (as described in paragraph 2.6.4 above), it is anticipated that none of Mr Poon Hon Thang, Mr Tan Jee Ming and Mr Teo Chee Seng (the "Relevant Directors") (or their respective Associates) will enter into any Mandated Transactions (as described in paragraph 2.6.5 above) with the SBC Group (as described in paragraph 2.1 above). Accordingly, the Relevant Directors are considered independent for the purposes of the proposed renewal of the IPT Mandate. Having considered the terms of the IPT Mandate, the Relevant Directors are of the opinion that the entry by the SBC Group into the Mandated Transactions with the Mandated Interested Persons in the ordinary course of business will enhance the efficiency of the SBC Group, and is in the interests of the Company. For the reasons set out in paragraphs 2.6.1, 2.6.2 and 2.6.5 above, they recommend that minority Shareholders vote in favour of Resolution 9 relating to the renewal of the IPT Mandate at the AGM.

### 6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, and the Company and its subsidiaries which are relevant to the proposal renewal of the IPT Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

### 7. INSPECTION OF DOCUMENTS

The Constitution of the Company may be inspected at the registered office of the Company during normal business hours from the date hereof up to and including the date of the AGM.

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# Corporate Information

## BOARD OF DIRECTORS

Mr Lim Chap Huat (Executive Chairman)  
Ms Lim Cheng Hwa (Non-Executive Director)  
Mr Poon Hon Thang (Lead Independent Director)  
Mr Tan Jee Ming (Independent Director)  
Mr Teo Chee Seng (Independent Director)

## AUDIT COMMITTEE

Mr Poon Hon Thang (Chairman)  
Mr Tan Jee Ming  
Mr Teo Chee Seng

## NOMINATING COMMITTEE

Mr Tan Jee Ming (Chairman)  
Mr Poon Hon Thang  
Mr Teo Chee Seng

## REMUNERATION COMMITTEE

Mr Teo Chee Seng (Chairman)  
Mr Tan Jee Ming  
Mr Poon Hon Thang

## COMPANY SECRETARY

Ms Lee Bee Fong, ACIS

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

23 Defu South Street 1  
Singapore 533847  
Tel: (65) 6542 2882  
Fax: (65) 6543 1818  
Website: [www.soilbuildconstruction.com](http://www.soilbuildconstruction.com)

## SHARE REGISTRAR

**Tricor Barbinder Share Registration Services**  
(a division of Tricor Singapore Pte. Ltd.)  
80 Robinson Road #02-00  
Singapore 068898

## AUDITORS

**PricewaterhouseCoopers LLP**  
**Public Accountants and Chartered Accountants**  
7 Straits View, Marina One  
East Tower, Level 12  
Singapore 018936  
Partner-in-charge: Ms Rebekah Khan  
Financial year appointed: 31 December 2020

## PRINCIPAL BANKERS

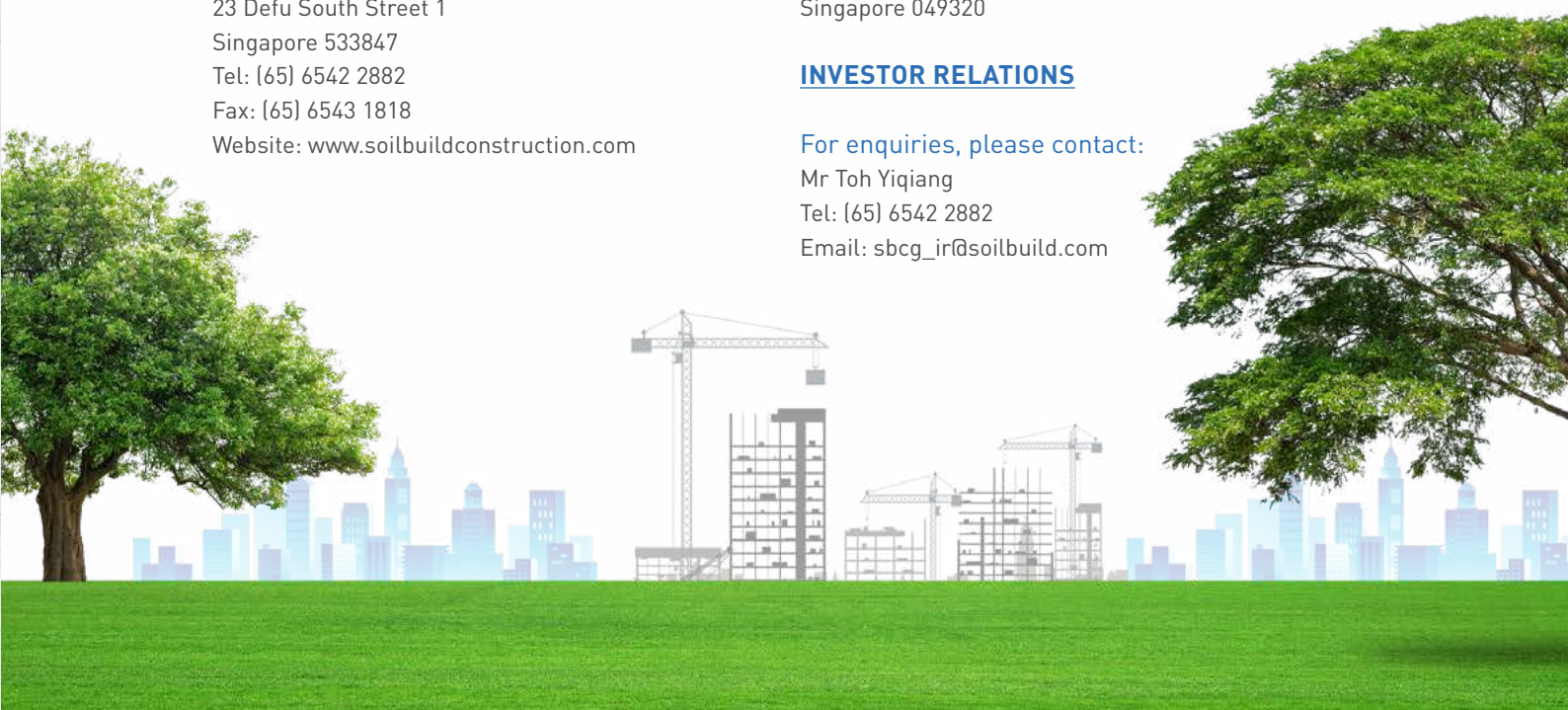
**United Overseas Bank Limited**  
80 Raffles Place  
UOB Plaza  
Singapore 048624

**Oversea-Chinese Banking Corporation Limited**  
65 Chulia Street #09-00  
OCBC Centre  
Singapore 049513

**The Hongkong and Shanghai Banking  
Corporation Limited**  
21 Collyer Quay  
HSBC Building  
Singapore 049320

## INVESTOR RELATIONS

For enquiries, please contact:  
Mr Toh Yiqiang  
Tel: (65) 6542 2882  
Email: [sbcg\\_ir@soilbuild.com](mailto:sbcg_ir@soilbuild.com)





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Integrating Competency  
**Staying Adaptable**

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