2021 ANNUAL REPORT

HAI LECK HOLDINGS LIMITED

ENGAGING IN GROWTH

CONTENTS

CORPORATE **PROFILE**

AN INTEGRATED SERVICE PROVIDER

Established in 1975, Hai Leck Holdings Limited and together with its subsidiary companies (the "Group") is one of the leading Singapore companies that provide project and maintenance services to the oil and gas and petrochemical industries.

The Group has presence in Singapore and Thailand. Today, the Group commands a workforce of around 2,000 employees to service our customers. The Group operates through two business segments – Project and Maintenance Services and Contact Centre Services.

The Group's principal activities are:

PROJECT AND MAINTENANCE SERVICES

- Mechanical engineering services in structural steel and piping fabrication and installation as well as plant equipment installation, maintenance, modifications and repairs; scaffolding erection services; corrosion protection services utilising automated blasting; thermal insulation services; refractory and passive fireproofing services as well as general civil engineering services.
- Maintenance services provided on a routine or turnaround basis.

BUSINESS PROCESS OUTSOURCING – PROVISION OF CONTACT CENTRE SERVICES

- Premium contact centre providing innovative outsource services with professional and integrated solutions. Contact centre solutions include customer service support; technical helpdesk; virtual receptionist services; lead generation; live web chat; email management; redemption facilities as well as service centre assistance.

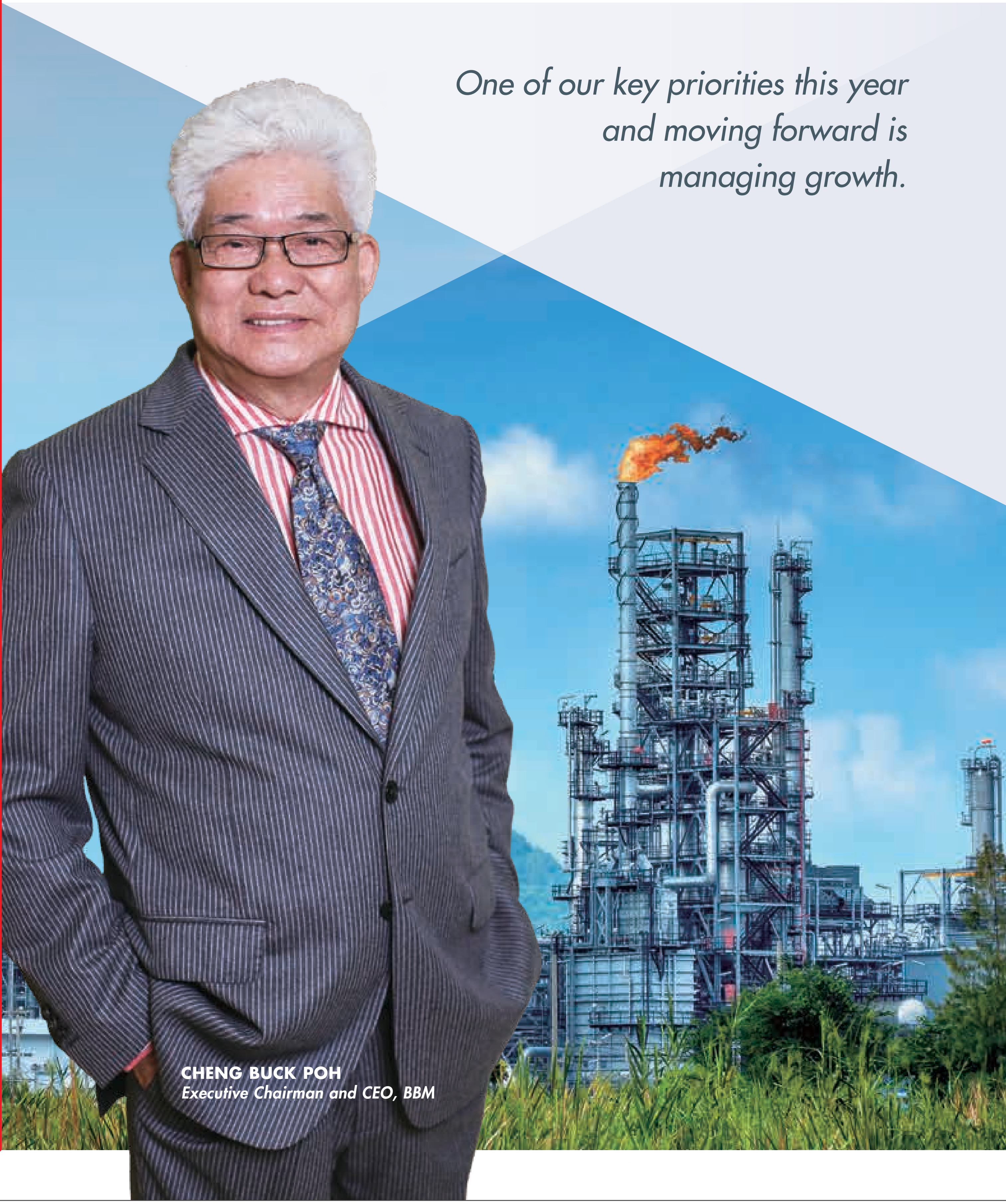
Our competitive strengths include our seamless integration of in-house competencies, strong performance track record, good safety performance, technical competency, effective project management, skilled manpower, quality workmanship and high responsiveness to customers' request.

The Group provides its project and maintenance services through seamless integration of in-house competencies such as automated shop blasting and coating, steel structure and piping shop fabrication and field installation, tankage, scaffolding, corrosion protection, thermal insulation, refractory and general civil works.

With our operational expertise, our dedicated project management team proactively participates in our customers' project planning, anticipating and providing solutions to challenges. We manage and measure our projects with key performance indicators that focus on safety, quality productivity and timely completion of the entire project. With our experienced management team, skilled tradesmen and advanced fabrication facilities and equipment, the Group is confident of meeting project requirements and expectations with the highest safety, reliability and quality standards.

Through the combined efforts of our two business segments, the Group strives to create value for our customers and stakeholders.

CHAIRMAN'S **STATEMENT**



One of our key priorities this year and moving forward is managing growth.

CHENG BUCK POH
Executive Chairman and CEO, BBM

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Hai Leck Holdings Limited (the "Company" or "Hai Leck") and its subsidiary companies (the "Group"), I am pleased to present the Annual Report for the financial year ended 30 June 2021 ("FY2021"). In the year under review, Hai Leck achieved revenue of $88.5 million with a net profit amounting to $12.1 million and maintained cash and cash equivalents of $89.0 million. As at 30 June 2021, the Group has total assets of approximately $165.9 million. COVID-19 has had a negative impact on the economy for the entire nation, and the Group's financial performance in the project and maintenance business segment was reflective of the challenging market conditions this past year. The Group has responded to these difficult times by implementing policies that show our resilience, including being prudent and disciplined in managing our financial resources and business strategies.

One of our key priorities this year and moving forward is managing growth. We anticipate that the economy will improve as the world begins to manage the economic fallout from COVID-19 more successfully. Though it is important to continue to grow our business as the economy opens up, we are also cognisant of the fact that this growth needs to be tempered by our capacity to manage our projects well and also our ability to look after our workers' well-being.

INDUSTRY OUTLOOK

The oil and gas industry which is a key contributor to our project and maintenance business segment was muted in the last financial year. This has affected the demand for project and maintenance services as customers cut costs and shelved developments. Looking ahead, the industry outlook is still uncertain.

RELYING ON RESILIENCE

Our project and maintenance services revenue dipped this year, partly due to restrictions in the re-opening of project sites that had to shut down during Singapore's circuit breaker. Fortunately, we saw higher contact centre services revenue in FY2021, which has helped boost our finances. Thus it can be seen that our strategy of diversifying into the contact centre business has paid off.

We plan to increase our business activities as the economy continues to open up gradually and will target the opportunities that are available. However, we will be prudent with our growth plans as we need to manage our limited resources, in view of the prevailing manpower restrictions and safe measurement measures.

PUTTING SUSTAINABILITY FIRST

In our quest for growth, we balance our drive for financial profitability with vital environmental, social and governance ("ESG") considerations that helps support the sustainability of the Group's business. The past year has seen the effects of climate change bringing about extreme weather conditions and natural disasters in our region and around the globe. Thus we make every effort to make sure that our operations do not damage the environment and the people undertaking our work.

An important part of Hai Leck's commitment to sustainability is our emphasis on putting safety first.

Our employees' well-being has always been our top priority, so we have followed government directives to help prevent the spread of COVID-19. Our office staff have been allowed to work from home as far as it is feasible and practical, and we ensure the safety of our onsite staff by strictly following customers' and regulatory safe management measures.

In addition, we have a target of zero accident workplace. To cultivate a culture of zero tolerance where safety is concerned, we nurture this mindset from the start, with each new hire being required to attend safety induction courses. Our workers are also issued with standard personal protective equipment as well as specialised safety equipment suitable for the type of work they are doing.

Our unwavering commitment to excellence and safety was recognised by the awards we won this past year, including two awards from a customer – Zero Lost Time Injury (LTI) and the Safety Excellence award for achieving 45 million manhours without Lost Time Injury (LTI).

We are also proud of the fact that our bizSAFE Partner accreditation was renewed, a certification conferred by the Workplace Safety and Health Council (WSH) in recognition of our outstanding safety practices. I would like to express my gratitude to all our employees for their exceptional efforts in maintaining high safety standards in their working environment.

A COMPANY THAT CARES

Hai Leck has always been a company that gives back to society. We decided to support the Salvation Army this year, as we felt that they helped the needy who may require more assistance during this difficult period. Thus we collected items for donation from our staff and gave these donations to the charity.

CHAIRMAN'S **STATEMENT**

DIVIDENDS

The Board will be recommending a final one-tier tax-exempt cash dividend of 2 cents per ordinary share and a special one-tier tax-exempt cash dividend of 4 cents per ordinary share, subject to the approval of shareholders at the Annual General Meeting. In view of this recommendation, the total cash dividend for FY2021 will be 6 cents per ordinary share.

GRATITUDE FOR OUTSTANDING SERVICE

Our Executive Director, Ms. Cheng Li Chen, stepped down from her position this year. As Executive Director, Ms. Cheng assisted me with the management and development of the Group's business and I would like to express my deepest gratitude for the invaluable work she has contributed.

Our Independent Director, Mr. Patrick Chee, also left his position this year and I would like to thank him for the inestimable contribution that he has made to the Group.

A WARM WELCOME

The Board has appointed a new Independent Director, Mr. Lim Hui Kwan. Mr. Lim has an outstanding track record in the marine industry and we look forward to him contributing his strategic business insights to the Group's operations.

The Board has also appointed two new Executive Directors, Ms. Cheng Wee Ling and Ms. Christina Chow.

As Managing Director of Tele-centre Services Pte Ltd, Ms. Cheng is in charge of the overall management of the Group's contact centre business segment. Our contact centre business has been a strong contributor to our revenue in the past few years, with much credit for that going to Ms. Cheng's outstanding stewardship of the business. I look forward to working with Ms. Cheng in her new capacity as an Executive Director to bring our business to a higher level.

I would also like to welcome Ms. Chow to her new position as Executive Director. Ms. Chow will be assisting me in overseeing the management and development of the Group's business and I look forward to a fruitful partnership with her that will boost the Group's fortunes.

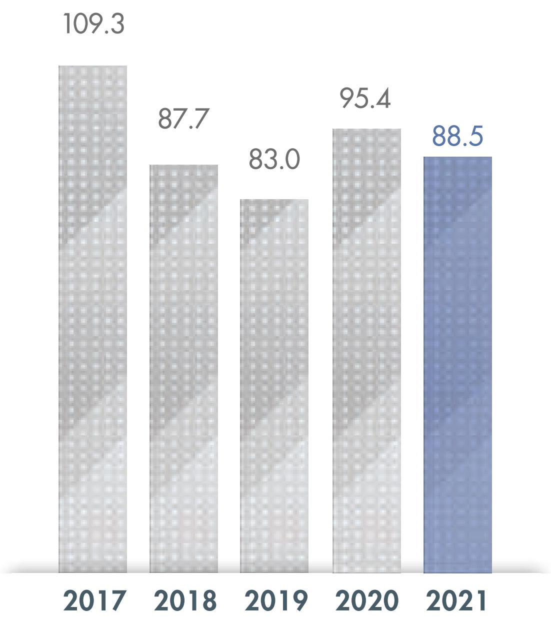
A WORD OF THANKS

On behalf of the Board, I would like to thank our customers, business partners and shareholders for their support. The Board would also like to thank our management team and staff, for their strength and wisdom that has helped the Group cope with the many challenges in the industry caused by COVID-19. Finally, I would like to thank my fellow Directors for their insightful advice that has guided me well throughout the year.

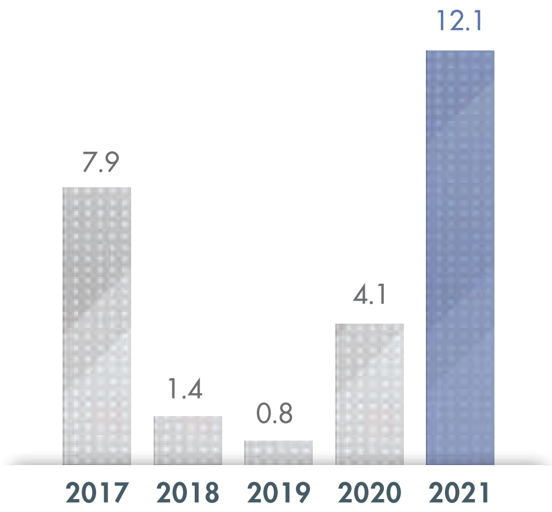
CHENG BUCK POH
Executive Chairman, BBM

FINANCIAL **HIGHLIGHTS**

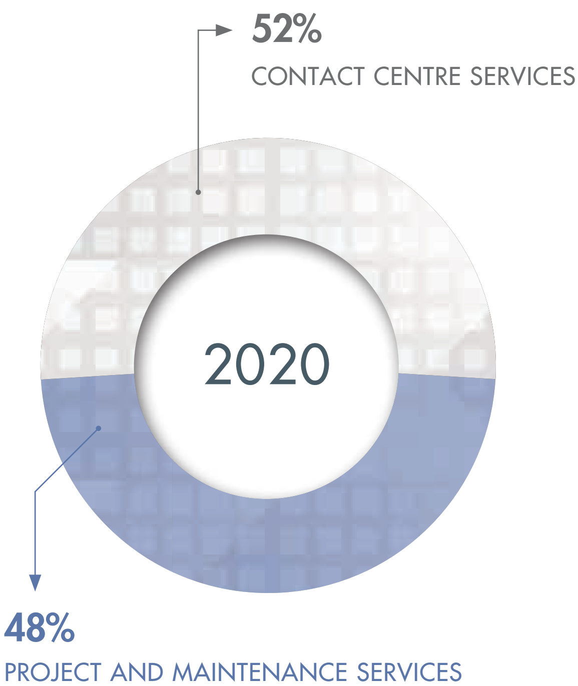
REVENUE ($'MIL)

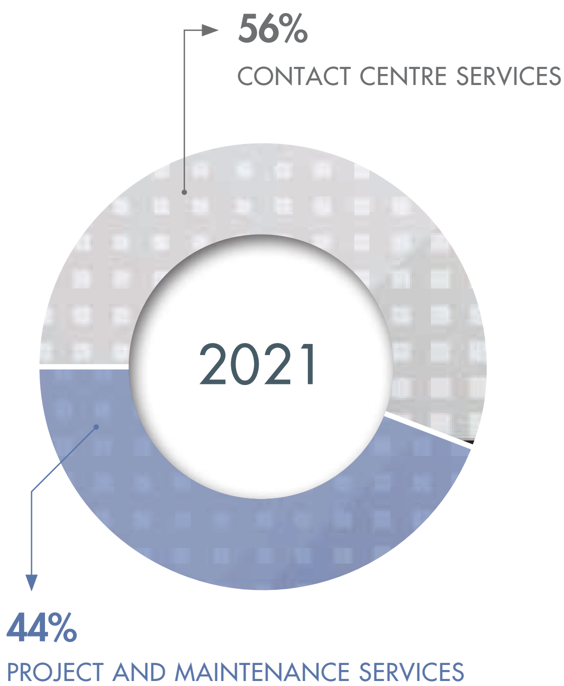


NET PROFIT ($'MIL)



REVENUE CONTRIBUTED BY SEGMENT FY: FINANCIAL YEAR ENDED 30 JUNE





FINANCIAL AND OPERATIONS **REVIEW**

THE GROUP'S NET PROFIT AMOUNTED TO

$ 12.1 Million

(FY2020: $4.1 million)

AS AT 30 JUNE 2021, THE GROUP'S NET ASSETS STOOD AT

$ 131.0 Million

(FY2020: $119.6 million)

The current global health situation continues to negatively impact both the global and local economy. The Group's project and maintenance services business continues to feel the effect of the challenging market conditions. However, these effects were partially mitigated by the continued demand for the Group's contact centre services.

For FY2021, the Group recorded revenue of $88.5 million, a decrease of 7.2% as compared to $95.4 million for the financial year ended 30 June 2020 ("FY2020"). This was mainly due to lower revenue from the project and maintenance services segment.

Net profit attributable to equity holders increased by $8.0 million to $12.1 million in FY2021 as compared to $4.1 million in FY2020.

Basic earnings per share increased to 5.3 cents in FY2021 as compared to 1.8 cents in FY2020.

COST OF SALES AND OPERATING EXPENSES

Cost of sales decreased by $8.0 million to $46.9 million in FY2021 as compared to $54.9 million in FY2020 in line with the lower revenue in FY2021 compared to FY2020.

FINANCIAL AND OPERATIONS REVIEW

Operating expenses decreased by $5.9 million to $35.8 million in FY2021 as compared to $41.7 million in FY2020, mainly due to impairment loss recorded in respect of certain property, plant and equipment in the project and maintenance services segment in FY2020 and lower manpower related costs in FY2021.

BALANCE SHEET HIGHLIGHTS

As at 30 June 2021, the Group's total assets amounted to $165.9 million (FY2020: $176.7 million) while net assets stood at $131.0 million (FY2020: $119.6 million).

Non-current assets decreased by $4.6 million to $51.8 million as at 30 June 2021, as compared to $56.4 million as at 30 June 2020. The decrease was mainly due to depreciation of property, plant and equipment and right-of-use assets.

Current assets decreased by $6.1 million from $120.2 million as at 30 June 2020 to $114.1 million as at 30 June 2021. The decrease was mainly due to decrease in trade receivables and other receivables, partially offset by increase in cash and cash equivalents and customer retention monies.

Current liabilities decreased by $21.3 million to $26.3 million as at 30 June 2021 as compared to $47.6 million as at 30 June 2020. This was due to decrease in trade and other payables and provisions, partially offset by increase in contract liabilities and income tax payable.

Non-current liabilities decreased from $9.5 million to $8.7 million as at 30 June 2021 due to repayment of lease obligations.

CASH FLOWS

The Group has continued to maintain its healthy cash position. As at 30 June 2021, cash and cash equivalents amounted to $89.0 million, a 24.6% increase from 30 June 2020. Net cash flows generated from operating activities amounted to $19.0 million, while net cash flows used in investing activities was $0.4 million and net cash flows used in financing activities was $1.1 million.

With its strong financial position, the Group intends to continue pursuing business opportunities prudently and strategically.

CORPORATE **STRUCTURE**

HAI LECK HOLDINGS LIMITED

- 100% Hai Leck Engineering (Private) Limited
  - 100% Hai Leck Industrial Services Pte. Ltd.
  - 100% Hai Leck Corporation Sdn. Bhd.
  - 49% Logthai-Hai Leck Engineering Co., Ltd
- 100% Hai Leck Engineering & Construction Pte. Ltd.
- 100% Hai Leck Overseas Investments Pte. Ltd.
- 100% United Holding (1975) Pte. Ltd.
  - 100% Tele-centre Services Pte Ltd
- 100% Hai Leck Integrated Services Pte. Ltd.
- 100% Hai Leck Services Pte. Ltd.
- 100% Hai Leck Engineering (Thailand) Co., Ltd.

BOARD OF **DIRECTORS**

MR CHENG BUCK POH @ CHNG BOK POH, BBM

is our founder and Executive Chairman and Chief Executive Officer. Appointed to the Board on 12 September 1998, Mr Cheng is responsible for charting and reviewing corporate directions and strategies for the Group; overseeing management and development of the Group's business, locally and overseas; and is also responsible for sales and marketing for the Group's business. He has more than 40 years of experience in the industry and has led the Management in pursuing the Group's mission and objectives. Mr Cheng has total direct and deemed interest in 191,922,665 shares in the Company, representing 84.83%.

MR TAN SIM CHENG, BBM

is our Non-Executive Deputy Chairman and Lead Independent Director and was appointed to the Board on 5 June 2008 as an Independent Director. He brings more than 40 years of experience in finance, administration and human resource to the Group. Mr Tan obtained his Bachelor in Accountancy from the University of Singapore in 1969 and is a Fellow Life Member of the Institute of Singapore Chartered Accountants. Mr Tan has total direct interest in 103,125 shares in the Company.

MS CHENG WEE LING

is our Executive Director and was appointed to the Board on 23 June 2021. Ms Cheng is also the Managing Director of Tele-centre Services Pte Ltd and is responsible for the overall management of the Group's contact centre business segment. She has more than 10 years of experience in contact centre services and holds a Degree in Business Administration from the Royal Melbourne Institute of Technology, Australia.

BOARD OF **DIRECTORS**

MS CHRISTINA CHOW POH LIN

is our Executive Director and was appointed to the Board on 23 June 2021. Ms Chow assists the Executive Chairman and Chief Executive Officer in overseeing management and development of the Group's business. She has more than 10 years of experience in human resource management. Ms Chow has total direct interest in 102,960 shares in the Company.

MR CHUA KENG WOON

joined the Board as an Independent Director on 25 October 2019. Mr Chua holds a Bachelor of Business Degree majoring in Financial Analysis from Nanyang Technological University. Mr Chua is also a Chartered Financial Analyst and a member of the CFA Institute. Mr Chua has over 16 years of experience in the banking and finance industry.

He served as an advisor to Secured Capital Singapore Pte Ltd, a company engaged in mezzanine financing services, from January to November 2018. From 2008 to 2016, Mr Chua was with Canaccord Genuity Singapore Pte Ltd (formerly known as Collins Stewart Pte. Limited). He last held the position of Senior Director, Equity Capital Market and was primarily involved in corporate advisory and fund raising activities for companies. Prior to that, Mr Chua had held various posts as Associate Director of Capital Market Group in Philip Securities Pte Ltd, Assistant Vice President, Corporate Finance in Hong Leong Finance Limited, Manager, Corporate Finance in UOB Asia Limited, Manager in Capital Equity Markets in DBS Bank Limited, as well as Senior Officer – Inspectorate Department in the Stock Exchange of Singapore.

Mr Chua also sits on the Board of Asiamedic Limited.

Mr Chua has total direct interest in 1,035,650 shares in the Company.

MR LIM HUI KWAN

joined the Board as an Independent Director on 30 October 2020. Mr Lim holds a Diploma from Dockyard Technical College and has more than 50 years of experience in the marine industry before retiring as Senior Marine Manager with Sembcorp Marine Admiralty Yard.

SENIOR **MANAGEMENT**

MS SIN WAN LIN

is our Chief Financial Officer. Ms Sin has 15 years of audit experience with Andersen and Ernst & Young LLP as well as more than 10 years of experience in the field of finance and management. She is responsible for the full spectrum of financial, taxation and treasury functions in our Group. She oversees the day-to-day finance/accounts functions of the Group, consolidates the Group's accounts and reporting, and provides financial analysis and appraisal of the Group's investments.

Ms Sin is a Fellow Member of the Institute of Chartered Accountants in England and Wales as well as the Institute of Singapore Chartered Accountants. She is also an ASEAN Chartered Professional Accountant. She holds a Bachelor's Degree in Economics (specialising in Accounting and Finance) from the London School of Economics and Political Science and a Master of Philosophy Degree in Finance from University of Cambridge.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Cheng Buck Poh @ Chng Bok Poh *(Executive Chairman and Chief Executive Officer)*
Tan Sim Cheng *(Non-Executive Deputy Chairman and Lead Independent Director)*
Cheng Wee Ling *(Executive Director)*
(appointed on 23 June 2021)
Christina Chow Poh Lin *(Executive Director)*
(appointed on 23 June 2021)
Chua Keng Woon *(Independent Director)*
Lim Hui Kwan *(Independent Director)*
(appointed on 30 October 2020)

SENIOR MANAGEMENT

Sin Wan Lin *(Chief Financial Officer)*

AUDIT COMMITTEE

Tan Sim Cheng *(Chairman)*
Chua Keng Woon
Lim Hui Kwan
(appointed on 30 October 2020)

REMUNERATION COMMITTEE

Lim Hui Kwan *(Chairman)*
(appointed on 30 October 2020)
Tan Sim Cheng
Chua Keng Woon

NOMINATING COMMITTEE

Chua Keng Woon *(Chairman)*
Tan Sim Cheng
Lim Hui Kwan
(appointed on 30 October 2020)

COMPANY SECRETARY

Siau Kuei Lian

REGISTERED OFFICE

47 Tuas View Circuit Singapore 637357
Tel: (65) 6862 2211 Fax: (65) 6861 0700
Website: www.haileck.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

In.Corp Corporate Services Pte. Ltd.
(formerly known as RHT Corporate Advisory Pte. Ltd.)
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

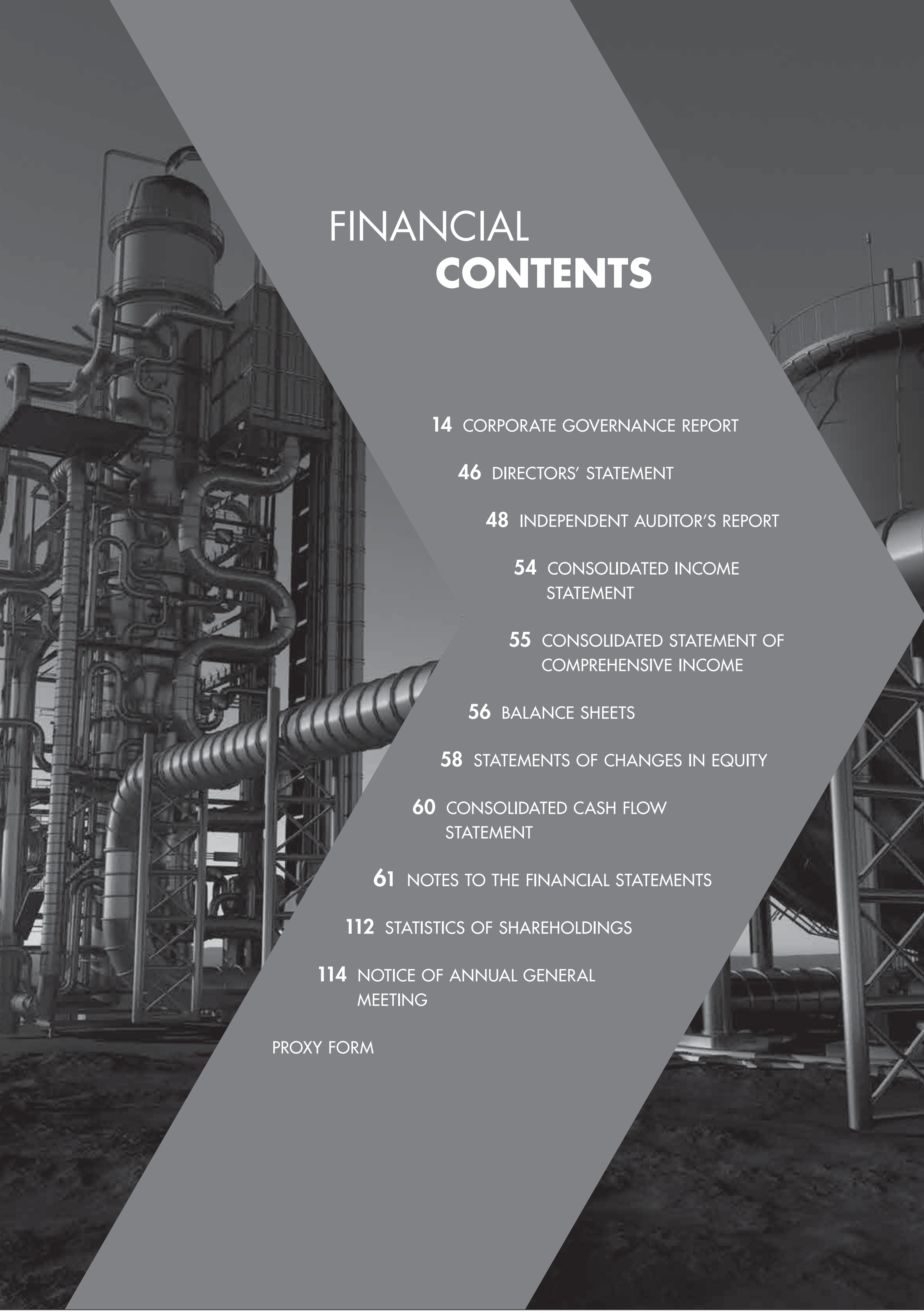
Standard Chartered Bank (Singapore) Limited
Marina Bay Financial Centre (Tower 1)
8 Marina Boulevard, Level 27
Singapore 018981

The Hongkong and Shanghai Banking Corporation Limited
9 Battery Road
#12-01 MYP Centre
Singapore 049910

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Phua Chun Yen Alvin
(appointed since financial year ended 30 June 2020)



FINANCIAL CONTENTS

CORPORATE GOVERNANCE **REPORT**

The Board of Directors (the "**Board**" or the "**Directors**") and the management (the "**Management**") of Hai Leck Holdings Limited (the "**Company**", together with its subsidiary companies, the "**Group**"), aim to set in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interests and enhancement of long-term shareholders' value are met. This Report describes the Group's corporate governance structures and practices adopted by the Group for financial year ended 30 June 2021 ("**FY2021**"), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") and accompanying Practice Guidance issued in August 2018, which forms part of the continuing obligations of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Board believes that it has substantially complied with the principles and guidelines as set out in the Code where appropriate. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

1. BOARD MATTERS

1.1 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.

Board's Duties and Responsibilities

During FY2021, the Company is headed by an effective Board comprising five directors of whom two (2) are Executive Directors, and three (3) are Non-Executive Independent Directors. Their combined wealth and diversity of skills, experience, gender and knowledge of the Company enable them to contribute effectively to the strategic growth and governance of the Group. As at the date of this report, the Board comprises of six directors of whom three (3) are Executive Directors and three (3) are Non-Executive Independent Directors.

The Board's primary role is to protect and enhance long-term shareholders' value and returns for the shareholders. It strives to achieve this by providing leadership and guidance to the Management to develop and drive business directions and goals.

Apart from its statutory responsibilities, the principal functions of the Board encompass, *inter alia*, the following:

(i) Providing entrepreneurial leadership and setting the overall strategy and direction of the Group, taking into account environmental and social factors as part of its strategic formulation;

(ii) Overseeing the management of the Group's business affairs, financial controls, performances and resource allocation;

(iii) Monitoring and reviewing the performance of the Management team;

(iv) Approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;

(v) Establishing a framework of prudent and effective controls and overseeing the processes of risk management, financial reporting and compliance, evaluating the adequacy of internal controls and safeguarding the shareholders' interests and the Company's assets;

(vi) Setting of the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met;

(vii) Considering sustainability issues, such as environmental and social factors, as part of its strategic formulation; and

(vii) Being responsible for the corporate governance framework of the Group.

Independent Judgement

The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a quarterly basis. All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times the interest of the Company. They have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company and hold the Management accountable for performance. The Board is committed to ethics, integrity of actions and sets the appropriate tone from the top in respect of the desired organisational culture, and ensures proper accountability within the Company.

Conflict of Interest

Every Director of the Company is required to disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as practicable after the relevant facts have come to his/her knowledge. On an annual basis, each Director is also required to submit details of his/her associates for the purpose of monitoring interested persons transactions. When there is an actual or potential conflict of interest, the concerned Directors shall abstain from voting, and recuse themselves from discussion or decision-making involving the issue of conflict and related matters.

Director Induction, Training and Development

The Company conducts briefing and orientation programs for new Directors to familiarise themselves with the Company's structure and organisation, businesses and governance policies. Upon appointment, each newly appointed Director will be briefed by the Chief Executive Officer ("**CEO**") and/or Senior Management of the Company on the business activities of the Group and its strategic directions, as well as setting out their duties and responsibilities as Directors. The aim of the orientation program is to give Directors a better understanding of the Company's businesses and allow them to assimilate into their new roles. The Company will arrange and ensure that the newly appointed directors attend the appropriate and relevant courses and trainings to equip themselves in order to effectively discharge their duties and responsibilities.

During the financial year, a new Non-Executive and Independent Director, Mr Lim Hui Kwan was appointed on 30 October 2020 to replace Mr Chee Teck Kwong Patrick who retired at the annual general meeting ("**AGM**") held on 29 October 2020 and two new Executive Directors, Ms Cheng Wee Ling and Ms Christina Chow Poh Lin were appointed by the Company to replace Ms Cheng Li Chen as Executive Director on 23 June 2021. The Nominating Committee ("**NC**") has performed the following steps before a new director is appointed to the Board to ensure that the director is equipped with appropriate skills and relevant industry knowledge to perform his/her roles on the Board and Board Committees effectively:

(i) To review the balance and diversity of skills, core experience and knowledge required by the Board that would be essential to aid decision-making;

(ii) Upon review and consultation with the Management, the NC will assess and determine the role and desirable qualities for a particular appointment;

(iii) The NC will interview the shortlisted candidates to determine his/her suitability for the position;

(iv) Thereafter, the NC will make recommendation to the Board for approval.

The Board ensures that newly appointed directors are familiarised with the Group's businesses by conducting site visits as part of their orientation programmes so as to enhance their performance as Board or Board Committee members. The NC has requested for the newly appointed directors with no prior experience as a board member in a listed company to attend the relevant training programmes organised by the Singapore Institute of Directors.

In addition, all Directors are encouraged to attend relevant training programmes, courses, conference and seminars on new laws, regulations and updates on commercial areas conducted by relevant professional organisations from time to time. To keep pace with such laws and regulatory changes, the Company will provide and fund the appropriate training and development programme for the Directors and key management personnel of the Company.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading and key changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions to properly discharge their duties as Board or Board Committee members. Our Directors are also engaged full-time in their respective professions, keeping them updated in their fields of knowledge.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**"), which are relevant to the Directors are circulated to the Board. The Company Secretary also informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company as well as the key amendments and impact of the 2018 Code and Listing Rules requirements. The External Auditors would update the Audit Committee (the "**AC")** and the Board on new and revised financial reporting standards annually.

Matters Requiring Board Approval

The Company has adopted a set of Approving Authority and Limit, setting out the level of authorisation required for specified transactions, including those that require the Board's approval for decision-making (which are embodied in its internal guidelines) which has been clearly communicated to the Management, such as the following:

- major funding proposals;
- investment and divestment proposals;
- major acquisitions and disposals;
- corporate or financial restructuring;
- mergers and acquisitions;
- share issuance and dividends;

- acceptance of bank facilities;
- the release of the Group's quarterly and annual results announcements;
- approval of annual report and accounts;
- approval of Board changes and appointments to Board Committees; and
- interested person transactions of a material nature.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, the Management is responsible for the day-to-day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

Board Committees

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide an independent oversight and discharge its responsibilities more efficiently and to ensure that specific issues are subject to considerations and review before the Board makes its decisions, the Board has delegated certain functions to various Board Committees, namely the AC, NC and Remuneration Committee (the "**RC**") (collectively "**Board Committees**"). These Board Committees are chaired by Independent Directors and operate within clearly defined terms of reference and play an important role in ensuring good corporate governance in the Company and within the Group. These terms of reference (setting out its composition, authorities and duties, including reporting back to the Board) of the Board Committees are reviewed on a regular basis to ensure their continued relevance and to enhance the effectiveness of these Board Committees and operates under delegated authority from the Board with the Board retaining overall oversight. The Chairman of the respective Board Committees will report to the Board on the outcome of the Board Committee meetings and their recommendations on the specific agendas mandated to the Board Committee by the Board. Please refer to the relevant principle on the composition of the Board and the Board Committees for FY2021.

The Board will conduct at least four meetings a year to approve the quarterly financial results announcement and to oversee the business affairs of the Group. The yearly schedule of all the Board and Board Committee meetings for the calendar year is usually given to all the Directors well in advance. Board papers are sent to the Board or Board Committee members prior to each Board or Board Committee meeting, to allow them to prepare for the meetings and enable discussions to focus on any questions or issues that they have or identified. Agendas for Board and Board Committee meetings are prepared in consultation with and incorporate inputs from the Management, the Chairman and the respective Board Committees' chairs. This provides assurance that important topics will be covered. The Board is free to seek clarification and information from the Management on all matters within their purview. Ad-hoc meetings are also convened as and when the circumstances require.

The Board is provided with relevant information on a timely basis prior to Board and Board Committee meetings. This enable Directors to make informed decisions to discharge their duties and responsibilities. The Management also provides the Board with information on an ongoing basis and ongoing reports relating to the operational and financial performance of the Company, as well as updates on market developments.

The Company's Constitution (the "**Constitution**") provides for meetings of the Directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means. The Board also approves transactions through circular resolutions, which are circulated to the Board together with all the relevant information relating to the proposed transaction.

CORPORATE GOVERNANCE **REPORT**

During FY2021, the Board members had met five times. The number of meetings held by the Board and Board Committees and attendance of each Board member at the meetings are disclosed in the table reflected below:

	Annual General Meeting	Board	Board Committees		
			Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	1	5	4	3	2
Name of Directors	**No. of meetings attended**				
Cheng Buck Poh @ Chng Bok Poh	1	5	4*	–	–
Cheng Li Chen[1]	1	4	4*	–	–
Tan Sim Cheng	1	5	4	3	2
Lim Hui Kwan[2]	–	4	3	1	1
Chee Teck Kwong Patrick[3]	1	1	1	2	1
Chua Keng Woon	1	5	4	3	2
Cheng Wee Ling[4]	–	–	–	–	–
Christina Chow Poh Lin[4]	–	–	–	–	–

* By invitation

1 Resigned as Executive Director with effect from 15 June 2021.

2 Appointed as Non-Executive and Independent Director with effect from 30 October 2020.

3 Retired as Non-Executive and Independent Director on 29 October 2020.

4 Appointed as Executive Director on 23 June 2021.

The Directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, we believe that each individual Director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committees' meetings.

Despite some of the Directors having multiple Board representations, the NC had reviewed the directorship of the Directors and is satisfied that these Directors are able to ensure that sufficient time and attention are given to the affairs of the Company and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and other principal commitments of these Directors.

Currently, the NC and the Board do not limit the maximum number of listed Board representations which any Director may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the Company. The NC and the Board believe that each individual director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, having regard to his or her other commitments.

Access to information

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties. As such, the Board expects the Management to report the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company, in a timely and accurate manner.

The Directors are informed of any significant developments or events relating to the Group. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed.

Consistent with the Group's effort towards sustainability of the environment, the Board has adopted the practice of circulating all board papers by means of electronic format prior to the scheduled meetings. This gives the Directors sufficient time to review and consider the matters to be discussed, so that discussions during the meetings are more meaningful and productive.

Independent Access to Management, the Company Secretary and Other Professional Advisers

The Directors have separate and unrestricted access to the Company's Management, Company Secretary and independent auditors in carrying out their duties. Under the direction of the Chairman, the Company Secretary ensures good information flow within the Board and Board Committees, and between the Management and Non-Executive Directors. The Company Secretary and/or her representatives attend all Board meetings and Board Committee meetings and assist the Chairman of the Board and Board Committees in ensuring that the relevant procedures are followed and reviewed so that the Board and Board Committees function effectively. The decision to appoint or remove the Company Secretary is a decision made by the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings, to assist them in performing their duties and responsibilities as Directors.

1.2 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.

Board composition

As of the date of this report, the Board comprises the following six directors, three (3) of whom are independent and non-executive Directors (the "**Independent and Non-Executive Directors**") and three (3) of whom are Executive Directors. The Chairman is not independent and the Independent and Non-Executive Directors of the Company does not make up a majority of the Board as recommended by Provisions 2.2 and 2.3 of the Code. As such, the NC will continue to review and monitor the requirement for the majority Independent and Non-Executive Directors, in line with the provisions of the Code. The Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board and all major decisions are made collectively. The composition of the Board is as follows:

Name of Director	Position held on the Board	Nature of Appointment
Cheng Buck Poh @ Chng Bok Poh	Executive Chairman/CEO	Executive Director
Tan Sim Cheng	Non-Executive Deputy Chairman and Lead Independent Director	Non-Executive/Lead Independent Director
Chua Keng Woon	Director	Non-Executive/Independent Director
Lim Hui Kwan[1]	Director	Non-Executive/Independent Director
Cheng Wee Ling[2]	Director	Executive Director
Christina Chow Poh Lin[2]	Director	Executive Director

[1] Appointed as Non-Executive and Independent Director with effect from 30 October 2020.

[2] Appointed as Executive Director on 23 June 2021.

The profiles of the Directors are set out on pages 9 and 10 of this Annual Report.

The Board's structure, size and composition are reviewed annually by the NC with a view to determine the impact of its number upon its effectiveness. The NC is of the view that the Board is of the appropriate size and with the right mix of skills and diverse expertise and experience given the nature and scope of the Group's operations. The Executive Directors have extensive experience in the integrated service provider industry while the Non-Executive and Independent Directors are well established and competent in their respective professions. This balance is important in ensuring that the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Company.

Board Independence

The Board has adopted the Code's criteria of an independent director in its review and is of the view that all Non-Executive and Independent Directors have satisfied the criteria of independence. All Directors are required to disclose any relationships or appointment which would impair their independence to the Board timely. The NC reviews annually the independence of each Director in accordance with the Code's definition of what element constitutes an independent director. The NC has reviewed the "Confirmation of Independence" forms completed by each Independent Director and is of the view that the three Independent Directors (who represent half of the Board) are independent, i.e, they have no relationship with the Company, its related companies, its substantial shareholders with shareholdings of 5% or more in the voting shares of the Company, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from the Management and the substantial shareholders with shareholdings of 5% or more in the voting shares of the Company.

Although Mr Tan Sim Cheng ("**Mr Tan**") has served on the Board for more than 9 years from the date of his appointment, the NC had conducted a rigorous review on his independence and his past contributions to the Group and considered that he is independent in character and judgement and there was no circumstances which would likely affect or appear to affect his independent judgement. Mr Tan who has served the Board beyond 9 years at the end of this financial year, will also be seeking for his continued appointment as independent director at the forthcoming AGM. Each member of the NC has abstained from participating in the discussion and voting on any resolution related to his independence.

The opinion was arrived at after careful assessment by the NC and the Board. The rigorous review comprised a review of, but not limited to, the following factors:

(i) The considerable amount of experience and wealth of knowledge that the Independent Director brings to the Company;

(ii) The attendance and active participation in the proceedings and decision-making process of the Board and Board Committee meetings;

(iii) Provision of continuity and stability to the Management at the Board level as the Independent Director has developed deep insight into the business of the Company and possesses experience in and knowledge of the business;

(iv) Whether the Independent Director's qualification and expertise provide reasonable checks-and-balances on the Management;

(v) Whether the Independent Director has provided adequate attention and devoted sufficient time to the proceedings and business of the Company; including whether he is adequately prepared, responsive and heavily involved in the discussions during meetings;

(vi) Whether the Independent Director provides overall guidance to the Management and acts as safeguard for the protection of the Company's assets and shareholders' interests; and

(vii) Whether the Independent Director has led the Board Committees effectively in making independent and objective decisions.

The Group would continue to build on the acquired experience by preserving continuity and stability within the Group through orderly succession.

Following the review, the NC, with the concurrence of the Board, is satisfied that Mr Tan remains independent as there have been no changes to the circumstances since his previous declaration presented to the Company Secretary, except for his personal director's disclosures and there are no relationship which would deem them to be non-independent.

To-date, none of the Independent Directors of the Company has been appointed as director of the Company's principal subsidiary companies.

Board Diversity

Although there is no diversity policy adopted, the Board is committed to ensuring diversity on the Board including but not limited to appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, legal and regulatory, business or management experience, industry knowledge, and strategic planning to avoid groupthink and foster constructive debate. The current Board comprises two (2) female and four (4) male directors with an age group ranging from 31 to 81 years old. Each director has been appointed based on the strength of his or her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. The Board provides diversity of expertise and knowledge in areas such as accounting, finance, investment, risk management and business management. This diversity facilitates constructive debate on the business activities of the Company and enables management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board, in concurrence with the NC, was of the view that the Directors possess the necessary competencies to provide the Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

Regular meeting for Independent Directors

The Independent Directors also communicate regularly to discuss matters such as the Group's financial performance, corporate initiatives and the remuneration of the Executive Directors and Senior Management. The Independent Directors constructively challenge and help develop proposals and strategies; review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Directors meet at least once a year, or when necessary without the presence of the Executive Directors and/or Management and provide such feedback to the Chairman of the Board after such meeting.

1.3 Chairman and CEO

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.

There is a clear division of responsibilities at the top Management, with clearly defined lines of responsibility between the Board and executive functions of the Management of the Group's business.

As at the date of this report, the roles and responsibilities of the Executive Chairman and CEO are held by Mr Cheng Buck Poh @ Chng Bok Poh ("**Mr Cheng**"). As CEO, with assistance from the Executive Directors Ms Cheng Wee Ling and Ms Christina Chow Poh Lin, Mr Cheng oversees the day-to-day operations of the Company and develops the Group's business locally and overseas, and is also responsible for sales and marketing of the Group's business.

In view of succession planning and during the transitional period of exploring and hiring a suitable CEO to take over the position, currently the roles and responsibilities of both the Executive Chairman and CEO are vested in Mr Cheng and therefore does not comply with Provision 3.1 of the Code. Notwithstanding the above, major decisions of the Company are made in consultation with the Board. The performance of the Executive Chairman and the CEO are reviewed periodically by the NC and the remuneration packages are reviewed periodically by the RC. The Board also believes that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. Furthermore, all the Board Committees are chaired by Independent Directors.

The Executive Chairman, Mr Cheng is the founder of the Group and is responsible for the charting and reviewing of the corporate directions and strategies for the Group. He is also responsible for, among others, the exercise of control over quantity, quality and timeliness of information flow between the Management and the Board.

He, with the assistance of the Company Secretary or her representatives, ensures that the Board receives accurate, timely and clear information and there is effective communication with shareholders of the Company. He further ensures that Board meetings are held as and when necessary and sets the Board's meeting agenda. He assists in ensuring compliance with the Group's guidelines on corporate governance and facilitating the effective contribution by the Non-Executive Directors. The Chairman also promotes a culture of openness and debate at the Board, encourages constructive relations, mutual respect and trust within the Board and between the Board and the Management.

Lead Independent Director

As the Executive Chairman is not independent, to be in compliance with Provision 3.3 of the Code, the Board has appointed Mr Tan as the Lead Independent Director to lead the Independent Directors, to provide independent view and foster constructive discussion. The Lead Independent Director serves as a principal liaison on Board issues between the Independent Directors and the Chairman of the Board. The Lead Independent Director is available to shareholders who have concerns which contact through the normal channels of the Executive Chairman, CEO, Executive Directors or Chief Financial Officer have failed to resolve or for which such contact is inappropriate.

Led by the Lead Independent Director, the Independent Directors meet at least once annually without the presence of the other Directors to discuss matters of significance, which are thereafter reported to the Chairman accordingly.

Hence, for FY2021 under review, the Board believes that notwithstanding the roles of Executive Chairman and CEO are vested in the same individual, the current composition of the Board is able to make precise, objective and prudent judgement on the Group's corporate affairs. This Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and are based on collective decisions without any individual exercising any considerable concentration of power of influence.

1.4 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.

NC composition

The Company has established the NC to, among other things, make recommendations to the Board, *inter alia*, on all Board appointments and re-appointments of Directors and oversee the Company's succession and leadership development plans.

As at the date of this Report, the NC comprises entirely of Independent Directors and the members of the NC are:

Name of Director	Position held
Chua Keng Woon	Chairman
Tan Sim Cheng	Member
Lim Hui Kwan[1]	Member

[1] Appointed as Non-Executive and Independent Director on 30 October 2020.

In accordance with the definition in the Code, the Chairman of the NC is independent and has no relationship with the Company, its related corporations, its shareholders with shareholdings of 5% and partner or its officer and is not directly associated with 5% shareholders. The Lead Independent Director is also a member of the NC.

The NC meets at least once a year. During FY2021, the NC met, discussed and reviewed the issue of board composition.

NC role

The NC is regulated by its terms of reference and its key functions include:

(i) The appointment and re-appointment of the Directors (including alternate director, if any) having regard to the Director's contribution and performance;

(ii) Identifying and nominating candidates for the approval of the Board, if required;

(iii) Determining annually the independence of each Director;

(iv) Recommending Directors who are retiring by rotation to be put forward for re-election;

(v) Assessing whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations;

(vi) Reviewing the training and professional development programmes for the Board and its Directors;

(vii) The process and criteria for evaluation of the performance and assessing the effectiveness of the Board and its Board Committees and Directors; and

(viii) Ensuring that the Company has a succession plan for Executive Directors, in particular, the Chairman and the CEO and key management personnel.

The NC's functions include determining the criteria and how the Board's performance is to be evaluated, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value.

The Board also implements a process to be carried out by the NC for assessing the effectiveness of the Board and its Board Committees. 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 Director.

As at the date of this report, the initial appointment date and the date of last re-election of the Directors, key information of directors, disclosure of directorships held over the preceding three (3) years in other listed companies as well as other principal commitments of each respective Director are set out below:

Name of Directors	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Directorships in other listed companies and Principal Commitments	
				Current	Past three years
Mr Cheng Buck Poh @ Chng Bok Poh	Executive Chairman/CEO	12 September 1998	24 October 2019	–	–
Mr Tan Sim Cheng	Non-Executive Deputy Chairman and Lead Independent Director	5 June 2008	19 October 2018	–	–
Mr Chua Keng Woon	Independent Director	25 October 2019	29 October 2020	Asiamedic Limited	–
Mr Lim Hui Kwan[1]	Independent Director	30 October 2020	N.A.	–	–
Ms Cheng Wee Ling[2]	Executive Director	23 June 2021	N.A.	Managing Director, Tele-centre Services Pte Ltd	General Manager, Tele-centre Services Pte Ltd
Ms Christina Chow Poh Lin[2]	Executive Director	23 June 2021	N.A.	–	–

1 Appointed as Non-Executive and Independent Director with effect from 30 October 2020.

2 Appointed as Executive Director on 23 June 2021.

Succession Planning

The NC regards succession planning as an important part of corporate governance and has an internal process of succession planning for the Chairman, Directors, the CEO and Senior Management, to ensure the progressive and orderly renewal of the Board and key executives.

Reviewing and recommending nomination for appointment and re-appointment of Directors

Where a vacancy arises, the NC will consider each candidate based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification, experience, ability and skills to contribute effectively to the Board and to add value to the Group's business, in line with its strategic objectives before recommending the suitable candidate to the Board for approval.

Candidates may be suggested by Directors or Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision-making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

During FY2021, Mr Lim Hui Kwan was appointed as Non-Executive and Independent Director and Ms Cheng Wee Ling and Ms Christina Chow Poh Lin were appointed as Executive Directors. The NC had interviewed and met with them prior to their appointments to ensure that they are aware of the expectations and the level of commitment required as Director on the Board. Taking into account the level of commitment required of their other principal commitments, the NC was of the view that they should be able to adequately discharge their duties.

The Company's Constitution provided that the number nearest to one-third of the Directors to retire by rotation and subject themselves to re-election by the shareholders at every AGM of the Company. In addition, all Directors of the Company shall retire from office once every three years. It was also provided in the Regulations that Directors who were newly appointed during the financial year (whether as an additional Director or to fill a vacancy) shall only hold office until the next AGM of the Company and are subject to re-election by the shareholders.

With regard to the re-election of existing Directors each year, the NC advises the Board of those Directors who are retiring or due for consideration to retire in accordance with the Constitution. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation and any other factors as may be determined by the NC. The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of his/her re-nomination as a director. Mr Tan, Mr Lim Hui Kwan, Ms Cheng Wee Ling and Ms Christina Chow Poh Lin have been nominated for re-election and have abstained from the voting process.

The NC, in accordance with the Company's Constitution has recommended that Mr Tan, Mr Lim Hui Kwan, Ms Cheng Wee Ling and Ms Christina Chow Poh Lin (the "**Retiring Directors**"), who retire by rotation pursuant to Regulations 92 and 93 of the Company's Constitution respectively, be nominated for re-election at the forthcoming AGM. In this regard, the NC having considered the Directors' overall contributions and performance as well as the attendance and participation of these Directors at the Board and Board Committee meetings, has recommended to the Board for their re-elections. The retiring Directors being eligible, have offered themselves for re-election at the forthcoming AGM. The Board has concurred with the NC's recommendation. In view that Mr Tan has served on the Board for an aggregate period of more than nine (9) years as at 1 January 2022, his continued appointment as independent director would also be sought in separate resolutions under 2-tier voting at the forthcoming AGM.

The details of the Retiring Directors seeking for re-election at the AGM are set out in Table A on pages 43 to 45 of this Annual Report in compliance with Rule 720(6) of the Listing Manual of the SGX-ST.

Annual Review of Directors' Commitments

Where a Director has multiple Board representations, the NC will determine if the Director has been able to devote sufficient time and attention to the Company's affairs and if he has been adequately carrying out his duties as a Director. The recommendation of the NC for the nomination of a Director for re-election is then made to the Board. The Board will review this recommendation.

The NC is of the view that the number of directorships a Director can hold and his/her principal commitments should not be prescriptive as the time commitment for each board membership will vary. The NC will review the number of listed company board representations which each Director holds on an annual basis or from time to time when the need arises. In this respect, the NC believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board affirms and supports this view.

During the year, the NC had reviewed the directorships and principal commitments disclosed by each Director and was of the view that the existing directorships and principal commitments of the respective Directors have not impinged on their abilities to discharge their duties. The Board concurred with the NC.

Continuous Review of Board Independence

The NC is guided by the definition and criteria of independence given in the Code in determining if a director is independent.

NC has annually, and as and when circumstances required, determined if a director is independent bearing in mind the circumstances set forth in Provision 2.1 and any other salient factors of the Code. Any Director who has served on the Board beyond nine (9) years from the date of his first appointment is subject to particularly rigorous review by the NC.

Each Independent Director is required to complete a Confirmation of Independence form drawn up based on the Principle 2 of the Code for the NC's review and recommendation to the Board.

For the financial year under review, the Board concurred with the NC's view that the three (3) Independent Directors are independent (as defined in the Code) and in character, judgement and there were no circumstances which would likely affect or appear to affect their judgement.

During FY2021, there was no appointment of alternate directors to the Board.

1.5 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 Board and the NC had developed a process of evaluation for assessing the effectiveness of the Board and Board Committees and individual Directors through establishment of quantifiable performance criteria. The evaluation performance checklist is drawn up based on the guidelines provided in the Code.

Based on the recommendations of the NC, the Board has an annual performance evaluation process, carried out by the NC, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director.

(a) Assessment of the effectiveness of the Board as a whole

The NC uses an objective performance criteria to conduct Board assessments via the circulation of assessment evaluation forms to the Directors annually for their evaluation of various Board issues and processes, such as the Board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders. The NC has reviewed and is satisfied with the performance and effectiveness of the Board as a whole for FY2021.

(b) Assessment of the effectiveness of the Board Committees

The NC has implemented a process to be carried out by the NC via the circulation of assessment evaluation forms to assess the effectiveness of the respective Board Committees annually. The NC has recommended that the members of the respective Board Committees complete the evaluation form adopted by the respective Board Committees. The results of the Board Committees' assessments are reviewed and discussed by the NC, and any recommendations and suggestions arising from the evaluation exercise are circulated to the Board for consideration. The NC has reviewed and is satisfied with the performance and effectiveness of the respective Board Committees as a whole for FY2021.

(c) Assessment of the contribution of individual Directors to the effectiveness of the Board

The individual Directors' assessments implemented by the NC are based on the Director's self-assessment which is evaluated annually and informally on a continual basis by the NC. The criteria taken into consideration by the NC and the Executive Chairman include individual skills and experience, contribution and performance based on factors such as attendance, preparedness and participation. The evaluations are discussed by the NC and appropriate actions are taken as necessary. The NC has reviewed and is satisfied with the contributions by individual Directors to the effectiveness of the Board for FY2021.

The NC is of the view that such assessments by the Directors are useful and constructive, and this collective process has provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped the Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board. The assessments also help the NC to determine whether the Directors with multiple Board representations are able to and have adequately discharged their duties as Directors of the Company.

In general, the selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The Executive Chairman, together with the NC, in considering the re-nomination and re-appointment of any director, consider the attendance records for the Board and Board Committee meetings, the intensity of participation at meetings, the quality of contributions to the development of strategy, the degree of preparedness, industry and business knowledge and experience that each Director possesses, which are key to the success of the Group's business.

During the FY2021 under review, the NC had met to discuss and evaluate the Board's performance as a whole, the Board Committees' and individual Directors' assessments. The results of the assessments had been communicated to and accepted by the Board.

No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual Directors.

2. REMUNERATION MATTERS

2.1 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.

RC Composition and Role

As at the date of this Report, the RC comprises entirely of Independent Directors and the members of the RC are as follows:

Name of Director	**Position Held**
Mr Lim Hui Kwan[1]	Chairman
Mr Tan Sim Cheng	Member
Mr Chua Keng Woon	Member

[1] Appointed as Non-Executive and Independent Director on 30 October 2020.

The Group's remuneration policy is to provide compensation packages at market rates, which reward successful performance and attract, retain and motivate directors and key management personnel.

The RC is regulated by its terms of reference and has access to independent professional advice, if necessary. The responsibilities of the RC are as follows:

(i) To review and recommend to the Board a general framework of remuneration for the Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Group, and determine specific remuneration packages, including termination terms, for each Executive Director, Senior Management or key management personnel;

(ii) To carry out its duties in the manner deemed effective, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time; and

(iii) Ensure that all aspects of remuneration are covered, taking into consideration Principle 8 and Provisions 8.1 to 8.3 of the Code, that the remuneration packages are comparable within the industry and comparable companies; and shall include a performance-related element with appropriate and meaningful measures of assessing performance. The remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The RC is responsible for recommending a remuneration framework for the Directors and key management personnel which is submitted to the Board for endorsement. The RC reviews and approves recommendations on remuneration policies and packages for Directors and key management personnel in the interest of improved corporate performance. The RC's review of remuneration packages takes into consideration pay and employment conditions within the industry and in comparable companies, the Company's relative performance, the performance of the individual Directors and key management personnel, the long-term interests of the Group and ensures that the interests of the Directors align with those of the shareholders. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, profit-sharing (where applicable) and benefits-in-kind.

The RC's recommendations are submitted for endorsement by the Board. Each member of the RC abstains from voting on any resolution concerning his/her own remuneration.

Access to expert advice

The RC has access to expert advice inside and/or outside the Company with regard to remuneration matters. No individual Director shall be involved in deciding his/her own remuneration.

The RC, in considering the remuneration of all Directors, has not sought external advice nor appointed remuneration consultants during the reporting financial year. The directors' fees to be paid to the Independent and Non-Executive Directors are subject to shareholders' approval at the forthcoming AGM.

Remuneration policy in respect of Executive Directors and other key management personnel

In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

2.2 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.

Remuneration framework

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and comparable companies, as well as the Group's relative performance, the Company's risk policies and the performance of individual Directors. The terms of the contracts of services of Executive Directors and the key management personnel, including termination clauses, are in line with market practices and are not overly generous. The remuneration packages of the Executive Directors are determined based on the framework recommended by the RC where the RC reviews the length of the fixed appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Directors' service agreements to ensure that the terms of such clauses are not onerous to the Company.

The variable component is dependent on a key management personnel's ability to achieve the performance targets, both personal and that of the Group. This aligns the compensation of key management personnel with that of the shareholders in terms of value creation. Key performance indicators for key management personnel are aligned to the interests and value creation to all stakeholders.

Remuneration of Non-Executive Director

The Independent and Non-Executive Directors receive directors' fees in accordance with their contribution, taking into consideration factors such as effort, time spent, responsibilities of the Directors and the necessity to pay competitive fees to attract, motivate and retain such Independent and Non-Executive Directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company. Non-Executive Directors are not to be over-compensated to the extent that their independence may be compromised. The remuneration of Directors is reviewed from time to time to ensure that it is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company.

Contractual provisions to reclaim incentives

The Executive Directors do not receive directors' fees. The remuneration of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits.

Following the appointment of Ms Cheng Wee Ling and Ms Christina Chow Poh Lin as the Executive Directors of the Company with effect from 23 June 2021, the RC has reviewed and approved the service agreements and/or supplemental agreements entered into with the two Executive Directors, namely, (1) Ms Cheng Wee Ling for a period of three (3) years (such term of employment to be extended only upon the mutual agreement of both parties) unless otherwise terminated by either party upon giving not less than six (6) months' notice in writing to the other, or in lieu of such notice, six (6) months' salary based on the Executive Director's last drawn monthly salary, and (2) Ms Christina Chow Poh Lin for a period of three (3) years (such term of employment to be extended only upon the mutual agreement of both parties) unless otherwise terminated by either party upon giving not less than six (6) months' notice in writing to the other, or in lieu of such notice, six (6) months' salary based on the Executive Director's last drawn monthly salary.

The Group has also previously entered into various letters of employment with the key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, annual leave, medical benefits, grounds of termination and certain restrictive covenants.

The RC is of the view that the remuneration packages of the Executive Directors (including the Executive Chairman) and key management personnel are moderate. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. Therefore, there is no necessity for the Company to institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

2.3 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 breakdown of remuneration of the Directors of the Company, in percentage terms showing the level and mix, for FY2021 falling within the broad bands are set out below.

The Board believes that it is for the benefit of the Company and the Group that the value of the Directors' remuneration be kept confidential due to its sensitive nature and to safeguard the long-term performance of the Group, especially in this highly competitive industry. Similarly, the remuneration of the top key management personnel and the remuneration of the employees who are immediate family members of a Director or the CEO are shown in bands of $250,000 due to the Company's concern over poaching of these key management personnel by competitors.

Name of Directors	Salary %	Variable Bonus %	Directors' Fees %	Benefits %	Total %
$1,250,001 to $1,500,000					
Mr Cheng Buck Poh @ Chng Bok Poh	44	55	–	1	100
$250,001 to $500,000					
Ms Cheng Li Chen[1]	47	53	–	–	100
Below $250,000					
Mr Tan Sim Cheng	–	–	100	–	100
Mr Chee Teck Kwong Patrick[2]	–	–	100	–	100
Mr Chua Keng Woon	–	–	100	–	100
Mr Lim Hui Kwan[3]	–	–	100	–	100
Ms Cheng Wee Ling[4]	36	60	–	4	100
Ms Christina Chow Poh Lin[4]	76	11	–	13	100

1 Resigned as Executive Director with effect from 15 June 2021.
2 Retired as Non-Executive and Independent Director on 29 October 2020.
3 Appointed as Non-Executive and Independent Director with effect from 30 October 2020.
4 Appointed as Executive Director on 23 June 2021.

The Company's staff remuneration policy is based on individual's rank and role, individual performance, Company's performance and industry benchmark gathered from companies in comparable industries.

Details of remuneration paid to key management personnel of the Group (who are not directors), in percentage terms showing the level and mix, for FY2021 are set out below:

Top 2 Management Personnel of the Group

Names	Salary %	Bonus %	Other Benefits %	Total %
$500,001 to $750,000				
Ms Cheng Wee Ling[1]	31	67	2	100
Below $250,000				
Ms Sin Wan Lin	96	–	4	100

1 Appointed as Executive Director on 23 June 2021.

The aggregate total remuneration paid to these key management personnel (who are not directors or the CEO) in FY2021 is approximately $840,000.

The Executive Director of the Company and the Managing Director of Tele-centre Services Pte Ltd, a subsidiary of the Group, Ms Cheng Wee Ling, is the daughter of Mr Cheng.

Save as disclosed, there are no other employees who are substantial shareholders of the Company, or are immediate family members of a Director, CEO or Substantial Shareholder of the Company whose remuneration amounts exceed $100,000 per annum during FY2021. ("**Immediate family member**" refers to the spouse, child, adopted child, step-child, brother, sister or parent).

In FY2021, no termination, retirement and post-employment benefit or other long-term incentive has been granted to the Directors or key management personnel.

The Company currently has no employee share option scheme or other long-term incentive scheme in place, and the RC will consider such schemes as and when it deems necessary.

3. ACCOUNTABILITY AND AUDIT

3.1 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.

Risk governance

The Board recognises the importance of sound internal controls and risk management practices. The Board is responsible for the overall internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities.

The internal controls in place will address the financial, operational (including information technology) and compliance risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, there is maintenance of proper accounting records, financial information are reliable and assets are safeguarded.

The Board did not establish a separate board risk committee to review and assess the internal controls systems and risk management framework. The Board is currently assisted by the AC, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

To further enhance the risk management procedures in place, the Group had established a structured Enterprise Risk Management ("**ERM**") programme to identify, prioritise, assess, manage and monitor key risks. The risk management process in place covers, *inter alia*, financial, operational (including information technology) and compliance risks faced by the Group, as well as assesses its risk management systems. Key risks identified are deliberated by Senior Management and reported to the AC. The AC reviews the adequacy and effectiveness of the ERM programme against identified key risks vis-à-vis changes in the Group's operating environment.

Complementing the ERM programme is a Group-wide system of internal controls, which includes documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes.

To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External auditors provide assurance over the risk of material misstatements in the Group's financial statements. The assistance of the internal and external auditors has enabled the AC to carry out assessments of the effectiveness of the key internal controls during the reporting financial year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors. Based on the reports submitted by the internal and external auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls and risk management processes are not satisfactory for the type and size of business conducted.

For FY2021, the Board has received assurances from the Executive Directors, the CEO and the Chief Financial Officer ("**CFO**") of the Company that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the CEO and the key management personnel have given assurance to the Board that the Group's risk management and internal control systems in addressing financial, operational, compliance and information technology controls and risk management systems are adequate and operating effectively.

Based on the various management controls in place, internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the Board with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management procedures in addressing the financial, operational (including information technology), compliance and information technology controls and risk management systems maintained by the Group during the financial year are adequate and effective as at 30 June 2021.

3.2 Audit Committee

Principle 10: The Board has an AC which discharge its duties objectively.

The AC comprises entirely of Independent Directors and the members of the AC are as follows:

Name of Director	Position held
Mr Tan Sim Cheng	Chairman
Mr Chua Keng Woon	Member
Mr Lim Hui Kwan[1]	Member

[1] Appointed as Non-Executive and Independent Director on 30 October 2020.

The members of the AC have many years of expertise and experience in accounting, business and financial management. The Board considers the members of the AC appropriately qualified to discharge the responsibilities of the AC. None of the AC members were previous partners or directors of the existing auditing firm within the previous two years and/or hold any financial interest in the auditing firm.

The AC is regulated by its terms of reference and its key functions include:

(i) To review the audit plans of the internal auditors and external auditors of the Company with the CFO, the internal auditors' evaluation of the adequacy and effectiveness of internal controls, risk management and the Company's system of accounting controls and the co-operation given by the Company's Management to the internal auditors and external auditors;

(ii) To review significant financial reporting issues and judgements with the CFO, CEO and the external auditors so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance, before submission to the Board;

(iii) To review the adequacy and effectiveness of the Company's material internal controls with the CFO, including financial, operational (including information technology) and compliance controls and risk management via reviews carried out by the internal auditors;

(iv) To review the adequacy, effectiveness, independence, scope and results of the Company's internal audit functions;

(v) To meet with the external auditors, other Board Committees and the Management in separate sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(vi) To review legal and regulatory matters with the CFO and the external auditors that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) To review the co-operation given by the Management to the auditors;

(viii) To consider the appointment and re-appointment of the external auditors and internal auditors and matters relating to resignation or dismissal of the auditors;

(ix) To review the adequacy, effectiveness, independence and objectivity of the external auditors;

(x) To review the nature and extent of non-audit services provided by the external auditors;

(xi) To recommend to the Board the external auditors to be nominated, to approve the compensation of the external auditors and to review the scope and results of the audit;

(xii) To report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;

(xiii) To review interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST; and

(xiv) To generally undertake such other functions and duties, as may be required by statute or the Listing Manual of the SGX-ST and by such amendments made thereto from time to time.

The AC has full access to and co-operation of the Management, external auditors and internal auditors. The AC Chairman usually reviews the external and internal audit plans before meetings, focusing on changes in the accounting policies, to discuss the reasonableness of the financial reporting process, the internal controls and risk management systems, and the significant comments and recommendation by the auditors and matters that would affect the Group's performance.

The AC also has full discretion to invite any Director and key management personnel to attend its meetings and explicit authority to investigate any matters within its terms of reference which may give rise to suspected fraud, infringement of any law which will lead to a material impact on the Company. The AC has adequate resources to enable it to discharge its responsibilities properly.

Each member of the AC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he/she is interested.

The external auditors have unrestricted access to the AC. Both the external auditors and internal auditors report directly to the AC in respect of their findings and recommendations. During the reporting financial year, the AC met with the internal and external auditors separately at least once a year without the presence of the Management. The AC reviews the findings from the auditors and the assistance given to the auditors by the Management.

The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice and affect the independence and objectivity of the external auditors. The audit fees paid/payable to the external auditors for FY2021 were $145,000. There were no non-audit fees paid/payable to the external auditors for the financial year.

The Company has complied with Rules 715 of the Listing Manual of the SGX-ST as all principal subsidiary companies of the Company are audited by Ernst & Young LLP, for the purposes of the consolidated financial statements of the Group.

External Auditors

The AC has reviewed the scope of services provided by the external auditors, the independence and the objectivity of the external auditors on an annual basis. Ernst & Young LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with ACRA and provided a confirmation of their independence to the AC. The AC had evaluated the performance of the external auditors based on the key indicators of audit quality and guidance, where relevant, as set out in the "Guidance to Audit Committee on Evaluation of Quality of Work performed by the External Auditors" such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Group's audit, given the size and complexity of the Group. Accordingly, the AC is satisfied that Rules 712 and 715 of the Listing Manual of the SGX-ST is complied with and has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as external auditors at the forthcoming AGM of the Company.

Changes to accounting standards and accounting issues which have direct impact on the financial statements were reported to the AC and highlighted by the external auditors in their meetings with the AC. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

In the review of the financial statements, the AC has discussed with the Management and the external auditor the accounting principles that were applied and their judgement of items that might affect the true and fair view of the financial statements. In particular, the following significant matters impacting the financial statements were discussed with the Management and the external auditor and were reviewed by the AC.

Significant matters	**How the AC reviewed these matters and what decisions were made**
Accounting for projects – Revenue recognition and provision for warranty	The AC reviewed revenue recognition and provision for warranty and the findings of the external auditors, and was satisfied that these had been appropriately accounted for in the consolidated financial statements.
Allowance for expected credit losses of trade receivables and contract assets	The AC reviewed and discussed the aging of trade receivables as well as the allowance for expected credit losses of trade receivables and contract assets with the Management. Taking into consideration the findings of the external auditors, the AC was satisfied with the review process and the justification of the amount of expected credit losses.
Impairment of the Group's property, plant and equipment, right-of-use assets and the Company's investment in subsidiary company	The AC reviewed and discussed the assumptions made in the preparation of the relevant fair value less costs of disposal with the Management. Taking into consideration the findings of the external auditors, the AC was satisfied with the assessment of the impairment loss identified.

Internal Audit Function

The Board recognises the importance of maintaining a system of internal controls in order to safeguard the shareholders' investments and the Company's assets. For FY2021 the Company has outsourced its internal audit functions to independent internal auditors ("**IA**"), RSM Risk Advisory Pte Ltd ("**RSM**") who has a direct reporting line to the AC and assists the AC in overseeing the implementation of required improvements to the internal control and risk management system.

The internal audit function is expected to meet the standard set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors has unfettered access to all the Company's documents, records, properties and personnel, including access to the Board, the AC and the Management to perform their internal audit review, where necessary, and has the right to seek information and explanation.

The appointed IA reports directly to the AC and is responsible for assessing the reliability, adequacy and effectiveness of the system of internal controls that are in place to protect the funds and assets of the Group, ensuring control procedures are complied with, assessing if the operations of the business processes under review are conducted efficiently and effectively, and identifying and recommending improvements to internal control procedures, where required.

The IA plans its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the IA, including overseeing and monitoring implementation of the improvements required for internal control weaknesses identified.

For FY2021, the AC met once with the IA without the presence of the Management. The AC is of the opinion that RSM is adequately resourced with qualified personnel to discharge its responsibilities. The AC has reviewed the internal audit reports based on the controls in place and is satisfied that the internal audit function has been (i) adequately resourced, (ii) staffed by suitably qualified and experienced professionals with the relevant experiences and has the appropriate standing within the Group; and (iii) conducted in accordance with the standards set by professional bodies.

Whistle-Blowing Policy

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware of and to ensure that:

(i) independent investigations are carried out in an appropriate and timely manner;

(ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

The policy is aimed at encouraging the reporting of such matters in good faith, with the confidence that staff of the Company and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal. There was no whistle blowing report received during FY2021.

4. SHAREHOLDERS' RIGHTS AND ENGAGEMENT

4.1 Shareholders' 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.

The Company firmly believes in high standards of transparent corporate disclosure, in line with the continuous disclosure obligations of the Company pursuant to the Listing Rules of the SGX-ST and the Singapore Companies Act, Chapter 50. It is the Board's policy to ensure that all shareholders should equally and on timely basis be informed of all major developments that have impact on the Group. Quarterly financial results and news releases (if any) will be published through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

In view of the current COVID-19 situation and the related safe distancing measures applicable and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the forthcoming AGM will be held by electronic means and members of the Company are encouraged to attend the AGM via live webcast. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place for the forthcoming AGM of the Company ("**eAGM Proceedings**") which will be released via SGXNet for shareholders information.

Notwithstanding the proceedings and/or regulations of the conduct of general meetings disclosed below, pursuant to the Constitution of the Company, shareholders shall refer to the eAGM Proceedings of the Company for FY2021 as prescribed in the Notice of AGM and the announcement mentioned above.

Notices for general meetings are announced via SGXNet within the mandatory period prior to the meetings (or as otherwise disseminated in accordance with such laws and regulations as may be applicable), together with the explanatory notes or a circular on items of special business (if necessary) so as to enable shareholders to exercise their voting rights on an informed basis. The AGM is held within four months after the end of the financial year. In addition, all shareholders also receive relevant circulars together with the notice of Extraordinary General Meeting ("**EGM**") by post. A copy of the relevant circular is also available on SGXNet. The shareholders may download the Annual Report, notice of the general meetings and circulars from the Company's website at www.haileck.com. To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings.

In accordance with the Constitution of the Company, a copy of the proxy form for the shareholders accompanies the notice of AGM and EGM, so that shareholders may appoint up to a maximum of two proxies to attend, vote and question the Board and the Management, for and on behalf of the shareholders who are not able to attend the general meetings personally. The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary[1] may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

In view of the above, all the shareholders are given an opportunity to participate effectively and vote at the general meetings.

To promote greater transparency in the voting process and effective participation, the Company conducts electronic poll voting for all the resolutions proposed at general meetings. An independent external consultant is also appointed as scrutineer to validate the vote tabulation process. The outcome of the general meeting, including the total numbers and percentage of votes cast for, or against, or to abstain from voting each resolution tabled, is announced immediately at the general meeting and via SGXNet on the same day after the general meeting.

The Board and Chairman of each Board Committee are required to be present to address questions at the general meeting. External auditors are also present to assist the Board in addressing shareholders' queries, if necessary.

The Company currently does not provide for voting in absentia by mail or electronic means. This is due to concerns with the authentication of the shareholder's identity and other related security and integrity issues. The Company will consider implementing the relevant amendments to the Constitution to permit absentia voting after it has carried out careful study and is satisfied with the highlighted concerns. Nevertheless, the Company is of the view that the shareholders have opportunities to communicate their views on matters affecting the Company even when they are not in attendance at general meetings. For instance, shareholders may appoint proxies to attend, speak and vote, on their behalf, at the respective general meetings.

The Company Secretary prepares minutes of general meetings, which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. In line with the alternative arrangements, the Company will be publishing the minutes within one month after the AGM on SGXNet.

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1 A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

The Company does not have any dividend policy. The Board considers various factors when deliberating over payment of dividends annually, ie. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate. In compliance with Rule 704(24) of the Listing Rule of the SGX-ST, the Company is mindful to disclose the reason(s) for the decision together with the announcement of the financial statements, in the event that the Board decides not to declare or recommend a dividend.

4.2 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.

The Company recognises the importance of actively engaging with stakeholders to promote effective and fair communication.

The Company does not have a dedicated investor relations team to regularly convey pertinent information to the shareholders. However, the Company's CEO and CFO are responsible for the Company's communication with shareholders. The Board also acknowledges its obligation to furnish timely information to shareholders and ensure that full disclosure of material information to comply with statutory requirements and the Listing Manual of the SGX-ST is made.

The Company adopts the practice of providing adequate and timely disclosure of material information to its shareholders. Where there is an inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

Pertinent information is communicated to shareholders on a regular and timely basis through the following means:

- Results, annual reports and sustainability reports are announced or issued within the mandatory period;
- Material information are disclosed in a comprehensive, accurate and timely manner via SGXNet and/or the press;
- Updates on the Company's website – www.haileck.com; and
- Company's general meetings.

The Company does not practice selective disclosure: price-sensitive information is first publicly released through SGXNet prior to meeting with any investors or analysts. All shareholders of the Company will receive the annual report with the notice of AGM.

5. MANAGING STAKEHOLDER RELATIONSHIPS

5.1 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 Company adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders. The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationship with such groups. These arrangements as well as strategies and key areas to focus in relation to the management of stakeholder relationships are set out in the Company's Sustainability Report.

The Company maintains a corporate website at www.haileck.com to communicate and engage with stakeholders such as customers and investors.

ADDITIONAL INFORMATION

6. DEALING IN SECURITIES

The Company has adopted and ensured compliance with Rule 1207(19) of the Listing Manual of the SGX-ST with regards to dealings in the Company's securities by its Directors and officers. The Company, Directors and its officers are prohibited from dealing in the securities of the Company during the period commencing two weeks immediately preceding the announcement of the Company's quarterly financial results and one month immediately preceding the announcement of the Company's full year financial results and ending on the date of the announcement of such results on SGXNet, or when they are in possession of any unpublished price-sensitive information of the Group.

In addition, the Company, Directors, key management personnel and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares based on short-term considerations.

7. MATERIAL CONTRACTS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, except that Mr Cheng Buck Poh @ Chng Bok Poh, Ms Cheng Li Chen, Ms Cheng Wee Ling and Ms Christina Chow Poh Lin as they had employment relations with the subsidiary companies and had received remuneration in those capacities.

Save as disclosed in the Directors' Report and financial statements, there were no other material contracts entered into by the Company or any of its subsidiary companies, involving the interests of the CEO, any Director or the controlling shareholder subsisting at the end of FY2021.

8. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and those transactions are carried out on normal commercial terms and are not prejudicial to the interests of the shareholders.

The AC has reviewed the Interested Person Transactions ("**IPTs**") for FY2021 and noted that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

There were no interested person transactions above $100,000 for FY2021.

Prior to entering into an interested person transaction by the Group, the Board and the AC will review such a transaction to ensure that the relevant rules under Chapter 9 of the Listing Manual of the SGX-ST are complied with.

9. RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, to ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. The Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

Information relating to the significant risk management policies are set out on pages 102 to 106 of this Annual Report.

10. PROPERTIES OWNED BY THE GROUP

The Group owns the following properties:

Location	Use	Land area/ Built-in area (sq m) (approximately)	Tenure
12 Tuas Drive 1 Singapore 638679	Workshop and dormitory	5,742/5,409	30 years commencing 1 July 2012, subject to JTC terms and conditions
9 Tuas Avenue 1 Singapore 639494	Workshop and dormitory	4,703/5,836	30 years with an additional 30 years, commencing 1 August 1993
47 Tuas View Circuit Singapore 637357	Workshop and office premises	24,164/17,008	30 years commencing 15 December 2007, subject to terms and conditions of JTC building agreement between JTC and Hai Leck Engineering (Private) Limited dated 30 May 2008 being complied with
40 Tuas West Road Singapore 638389	Workshop and office premises	33,868/20,686	28 years and 8 months commencing 1 May 1997 to 31 December 2025

Table A				
Name of Director	**Tan Sim Cheng**	**Lim Hui Kwan**	**Cheng Wee Ling**	**Christina Chow Poh Lin**
Date of first appointment	5 June 2008	30 October 2020	23 June 2021	23 June 2021
Date of last election	19 October 2018	–	–	–
Age	81	75	42	31
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Tan's performance as a Non-Executive and Lead Independent Director of the Company, Chairman of AC, a member of NC and RC	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Lim's performance as a Non-Executive and Independent Director of the Company, Chairman of RC, a member of NC and AC	The Board has accepted the NC's recommendation, which has reviewed and considered Ms Cheng's performance as an Executive Director	The Board has accepted the NC's recommendation, which has reviewed and considered Ms Chow's performance as an Executive Director
Whether appointment is executive, and if so, the area of responsibility	Non-Executive and Lead Independent Director	Non-Executive and Independent Director	Executive Responsible for overall management of the Group's contact centre business segment	Executive Assist the Executive Chairman and Chief Executive Officer in overseeing management and development of the Group's business
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc.)	Non-Executive Deputy Chairman Lead Independent Director Chairman of AC Member of NC and RC	Chairman of RC Member of AC and NC	Executive Director	Executive Director
Professional Qualification	Bachelor in Accountancy from the University of Singapore and a Fellow Life Member of the Institute of Singapore Chartered Accountants	Diploma from Dockyard Technical College	Degree in Business Administration from the Royal Melbourne Institute of Technology, Australia	–

CORPORATE GOVERNANCE **REPORT**

Name of Director	Tan Sim Cheng	Lim Hui Kwan	Cheng Wee Ling	Christina Chow Poh Lin
Working experience and occupation(s) during the past 10 years	More than 40 years of experience in finance, administration and human resource	Senior Marine Manager, Sembcorp Marine Admiralty Yard	Managing Director of Tele-centre Services Pte Ltd General Manager of Tele-centre Services Pte Ltd Business Development Manager of Tele-centre Services Pte Ltd	Director of subsidiary companies of Hai Leck Holdings Limited Head of Human Resource, Procurement and Supply Chain of Hai Leck Holdings Limited Head of Human Resource of Tele-centre Services Pte Ltd Senior Human Resource Executive of Hai Leck Holdings Limited
Shareholding interest in the listed issuer and its subsidiary companies	103,125 in the Company	None	None	102,960 in 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 subsidiary companies	None	None	Daughter of Mr Cheng, the Executive Chairman, Chief Executive Officer and substantial shareholder of the Company and Madam Goo Guik Bing @ Goh Guik Bing, substantial shareholder of the Company	None
Conflict of interest (including any competing business)	None	None	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes

Name of Director	Tan Sim Cheng	Lim Hui Kwan	Cheng Wee Ling	Christina Chow Poh Lin
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)				
Past (for the last 5 years)	–	Senior Marine Manager, Sembcorp Marine Admiralty Yard	General Manager, Tele-centre Services Pte Ltd	Head of Human Resource, Procurement and Supply Chain of Hai Leck Holdings Limited Head of Human Resource of Tele-centre Services Pte Ltd
Present	–	–	Managing Director, Tele-centre Services Pte Ltd	Directors of the following subsidiary companies of Hai Leck Holdings Limited: Hai Leck Engineering & Construction Pte. Ltd. Hai Leck Integrated Services Pte. Ltd. Hai Leck Overseas Investments Pte. Ltd. Hai Leck Services Pte. Ltd. United Holding (1975) Pte. Ltd.

The retiring Directors have responded negative to items (a) to (k) listed in Rule 720(6) of the Listing Rules of SGX-ST.

DIRECTORS' **STATEMENT**

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2021.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

Directors

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

Cheng Buck Poh @ Chng Bok Poh	
Cheng Wee Ling	(Appointed on 23 June 2021)
Christina Chow Poh Lin	(Appointed on 23 June 2021)
Tan Sim Cheng	
Chua Keng Woon	
Lim Hui Kwan	(Appointed on 30 October 2020)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company, as stated below:

	Direct interest as at			Deemed interest as at		
Name of director	**1 July 2020 or date of appointment, if later**	**30 June 2021**	**21 July 2021**	**1 July 2020 or date of appointment, if later**	**30 June 2021**	**21 July 2021**
The Company						
Ordinary shares						
Cheng Buck Poh @ Chng Bok Poh	96,436,950	106,122,665	106,122,665	78,000,000	85,800,000	85,800,000
Christina Chow Poh Lin	102,960	102,960	102,960	–	–	–
Tan Sim Cheng	93,750	103,125	103,125	–	–	–
Chua Keng Woon	941,500	1,035,650	1,035,650	–	–	–

Cheng Buck Poh @ Chng Bok Poh is deemed to have an interest in the shares of the Company's subsidiary companies in proportion to the Company's interest in the subsidiary companies by virtue of his interest in more than 20% of the issued share capital of the Company as provided by Section 7 of the Companies Act, Chapter 50.

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

Share options

No share options have been granted by the Company since its incorporation.

Audit Committee

The Audit Committee ("AC") comprises the following independent directors:

Tan Sim Cheng	(Chairman)
Chua Keng Woon	
Lim Hui Kwan	(Appointed on 30 October 2020)

The AC performs the functions set out in the Singapore Companies Act, the Listing Manual and Best Practices Guide issued by Singapore Exchange Securities Trading Limited. In performing those functions, the AC reviewed the overall scope of the internal audit functions, external audit functions and the assistance given by the Company's officers to the auditors.

The AC met with the external auditors to discuss the results of their audit. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2021, as well as the external auditor's report thereon.

The AC held 4 meetings during the financial year ended 30 June 2021.

The AC, having reviewed all the non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

Further details regarding the AC are disclosed in the Corporate Governance Report.

Auditor

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

On behalf of the Board of Directors,

Cheng Buck Poh @ Chng Bok Poh	Christina Chow Poh Lin
Director	Director

Singapore
27 September 2021

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAI LECK HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Accounting for projects – Revenue recognition and provision for warranty

The Group recognises revenue for projects over time by reference to the stage of completion of the contract activity at the end of each reporting period. The stage of completion is determined by proportion of total contract costs incurred to-date and the estimated costs to complete. The determination of the estimated costs to complete (including rectification works and post-completion warranties) requires significant management judgement, which could have a material impact on the amounts of contract assets/liabilities, project revenues, costs and profits recognised in the year. Accordingly, we have identified this as a key audit matter.

Key Audit Matters (Continued)

Accounting for projects – Revenue recognition and provision for warranty (Continued)

We obtained an understanding of internal controls with respect to project management, project cost and revenue estimation process, and the accounting for such contracts. We obtained an understanding of the terms and conditions of key contracts. We performed procedures with respect to estimated costs to complete, and management's assessment thereof. In connection with this, we discussed a range of financial and other risks, any ongoing disputes and related estimation uncertainties with the Group's finance and operational management and assessed whether these have been adequately addressed in the project costing. We reviewed project files and discussed with management the progress of significant contracts to determine if there are any delays, penalties, or overruns that it is probable that total contract costs could exceed total contract revenue that require provision for onerous contracts. We also tested the mathematical accuracy of contract revenues and profits based on the stage of completion calculations. In addition, we reviewed the historical trends of warranty claims and the warranty periods for certain projects for which management had used to estimate the expected warranty claims post completion. We tested, on a sample basis, the warranty costs recorded in respect of certain completed projects by comparing the actual warranty claims incurred to-date against the provision made.

We also assessed the adequacy of the relevant disclosures in Note 2.21 *Revenue* and Note 20 *Contract assets/liabilities* to the financial statements.

Allowance for expected credit losses of trade receivables and contract assets

Trade receivable and contract assets balances are significant to the Group as they represent 11.5% of the consolidated total assets. In addition, the expected credit loss assessment of trade receivables and contract assets requires significant management judgement in assessing the financial conditions of the customer and make estimates with respect to the loss given default and probability of default. In addition, management also need to consider the forward-looking adjustment required to the probability of default rate taking into consideration impact arising from the current market conditions. As such, we determined that this is a key audit matter.

We assessed the Group's processes and controls relating to the monitoring of trade receivables and contract assets and considered aging to identify collection risks. On a sample basis, we obtained trade receivable confirmations and evidence of receipts from the customers subsequent to the year end. We evaluated the assumptions used by management in determining the expected credit loss amount through analysis of aging of receivables and assessment of significant overdue trade receivables taking into consideration their specific profiles and risks. We reviewed data and information that management has used to make forward-looking adjustments such as macroeconomic information that may affect the recoverability of trade receivables and contract assets. We reviewed the customers' payment history and correspondences between the Group and the customers on expected settlement dates, where applicable. We discussed with management on the collectability of trade receivables and inquired management if there are any known customers which are more impacted by the current market conditions which may then affect their ability to repay their debts. We also assessed the adequacy of the Group's disclosures on the trade receivables and contract assets and the related risks such as liquidity risk, credit risk and the aging of receivables in Note 16 *Trade receivables*, Note 20 *Contract assets*, Note 33 *Financial risk management objectives and policies* (b) *Liquidity risk* and Note 33(c) *Credit risk* to the financial statements.

Key Audit Matters (Continued)

Impairment of Group's property, plant and equipment and right-of-use assets, and Company's investment in a subsidiary company

The Group has significant property, plant and equipment ("PPE") and right-of-use ("ROU") assets, which represents 26.0% of the Group's total assets. The Company's investment in subsidiary companies represents 39.1% of the Company's total assets. Management has identified impairment indicators at the reporting date for certain of the Group's PPE and ROU assets, and the Company's cost of investment in a subsidiary company in the project and maintenance segment. Management has estimated their recoverable amounts based on the higher of their fair value less costs of disposal ("FVLCD") and value in use ("VIU").

Management has engaged the assistance of an independent professional valuer ("Valuer") to estimate the FVLCD of the Group's leasehold property using the market approach. The FVLCD of the remaining material plant and equipment and ROU assets of the Group have been estimated by management using both market and cost approaches by making reference to market data and recent transacted prices for similar type of assets. VIU of these assets have been estimated by management using projected future cash flows and applying an appropriate market-based discount rate. The impairment assessments resulted in a reversal of impairment of $1,592,000 on the Group's leasehold property for the year ended 30 June 2021 based on their FVLCD. As these assessments involved significant management judgement, we have considered this to be a key audit matter.

As part of our audit, we reviewed and obtained an understanding of management's identification of impairment indicators and their basis of determining the recoverable amounts of PPE and ROU assets. We assessed the competence, capabilities and objectivity of the Valuer engaged by management. In respect of FVLCD of the PPE and ROU assets, we evaluated the appropriateness of the valuation approaches and methodologies applied by management and the Valuer, and reviewed the reasonableness of the key assumptions and inputs used with the assistance of our internal valuation specialist. The latter included relevant market data, recent transacted prices for comparable or similar assets, and adjustments for relevant characteristics such as the assets' age, location, land area, and conditions. We also evaluated whether costs of disposal of the aforementioned assets are material.

In respect of the VIU of the PPE and ROU assets, we obtained the relevant business units' cash flow forecasts approved by management and evaluated the reasonableness of the key assumptions and inputs used, including revenues and earnings before interest, depreciation, and taxes. We compared revenue growth rates and operational assumptions to historical and market information or data to assess the reasonableness of management's forecasts. We also assessed the appropriateness of the discount rates and terminal growth rate used by management with the assistance of our internal valuation specialist. We reviewed management's conclusion that the assets' FVLCD exceed their VIU.

The PPE and ROU assets subjected to impairment assessment above were held by a subsidiary company in the project and maintenance segment. Accordingly, management has estimated the recoverable amount of the Company's investment in this subsidiary company using the adjusted net asset approach premised on the FVLCD of the relevant aforementioned Group's assets and book values of other net assets that approximate fair value. We assessed whether the book value of the other net assets used in determining the adjusted net assets method are reasonable proxy of their fair value. The impairment assessments resulted in an additional impairment loss of $16,826,000 on the Company's cost of investment in this subsidiary company for the year ended 30 June 2021 based on their FVLCD.

We also assessed the adequacy of the disclosures in relation to the impairment assessments of the Group's PPE and ROU assets, and the Company's investment in a subsidiary company included in Note 11 *Property, plant and equipment* and Note 12 *Investments in subsidiary companies* to the financial statements, respectively.

Key Audit Matters (Continued)

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies 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 Alvin Phua Chun Yen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
27 September 2021

CONSOLIDATED **INCOME STATEMENT**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group 2021 $'000	Group 2020 $'000
Revenue	4	**88,506**	95,351
Cost of sales		**(46,940)**	(54,865)
Gross profit		**41,566**	40,486
Other income	5	**9,265**	5,387
Distribution and selling expenses		**(405)**	(567)
Administrative expenses		**(28,856)**	(29,682)
Other expenses		**(6,546)**	(11,448)
Interest expense	8	**(235)**	(273)
Share of results of joint venture		**(35)**	1,155
Profit before taxation	6	**14,754**	5,058
Taxation	9	**(2,692)**	(957)
Profit for the year		**12,062**	4,101
Attributable to:			
Equity holders of the Company		**12,062**	4,101
Earnings per share			
Basic (cents)	10	**5.3**	1.8[1]
Fully diluted (cents)	10	**5.3**	1.8[1]

[1] Restated for the effect of bonus issue undertaken in June 2021 (Note 26(a)).

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group	
	2021	**2020**
	$'000	**$'000**
Profit net of tax	**12,062**	4,101
Other comprehensive income, net of tax:		
Items that may be reclassified to profit and loss		
Foreign currency translation	**(644)**	216
Total comprehensive income for the year	**11,418**	4,317
Total comprehensive income attributable to:		
Equity holders of the Company	**11,418**	4,317

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

BALANCE **SHEETS**

AS AT 30 JUNE 2021

		Group		Company	
	Note	2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	11	**36,761**	39,100	**150**	381
Right-of-use assets	24	**6,346**	7,346	**–**	–
Investments in subsidiary companies	12	**–**	–	**37,350**	34,931
Investment in joint venture	13	**7,868**	8,530	**–**	–
Intangible assets	14	**528**	952	**–**	–
Other receivables and deposits	17	**141**	30	**–**	–
Deferred tax assets	25	**174**	471	**–**	–
		51,818	56,429	**37,500**	35,312
Current assets					
Inventories	15	**1,610**	2,291	**–**	–
Trade receivables	16	**16,143**	39,456	**–**	–
Other receivables and deposits	17	**511**	3,279	**9,019**	10,153
Prepayments and advances to suppliers	18	**997**	357	**136**	103
Customer retention monies		**1,712**	124	**–**	–
Amounts due from a subsidiary company (trade)	19	**–**	–	**809**	–
Contract assets	20	**3,016**	2,171	**–**	–
Fixed deposits pledged	21	**1,134**	1,134	**–**	–
Cash and cash equivalents	21	**88,966**	71,416	**48,120**	30,312
		114,089	120,228	**58,084**	40,568

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

BALANCE SHEETS

AS AT 30 JUNE 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Current liabilities					
Trade and other payables	22	**18,001**	40,240	**1,048**	397
Amounts due to subsidiary companies (trade)	19	**–**	–	**14**	88
Amount due to a subsidiary company (non-trade)	19	**–**	–	**15,506**	–
Contract liabilities	20	**2,970**	1,733	**–**	–
Provisions	23	**1,866**	2,975	**–**	–
Lease liabilities	24	**1,006**	900	**–**	–
Income tax payable		**2,407**	1,716	**72**	121
		26,250	47,564	**16,640**	606
Net current assets		**87,839**	72,664	**41,444**	39,962
Non-current liabilities					
Provisions	23	**2,334**	2,314	**–**	–
Lease liabilities	24	**5,807**	6,791	**–**	–
Deferred tax liabilities	25	**547**	437	**3**	3
		8,688	9,542	**3**	3
Net assets		**130,969**	119,551	**78,941**	75,271
Equity attributable to equity holders of the Company					
Share capital	26(a)	**65,403**	65,403	**65,403**	65,403
Treasury shares	26(b)	**(160)**	(160)	**(160)**	(160)
Accumulated profits		**65,656**	53,594	**13,698**	10,028
Foreign currency translation reserve	28	**70**	714	**–**	–
Total equity		**130,969**	119,551	**78,941**	75,271

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Group	Share capital (Note 26(a)) $'000	Treasury shares (Note 26(b)) $'000	Accumulated profits $'000	Foreign currency translation reserve (Note 28) $'000	Total equity $'000
	Attributable to equity holders of the Company				
Balance at 1 July 2020	65,403	(160)	53,594	714	119,551
Profit for the year	–	–	12,062	–	12,062
Other comprehensive income for the year	–	–	–	(644)	(644)
Total comprehensive income for the year	–	–	12,062	(644)	11,418
Balance at 30 June 2021	**65,403**	**(160)**	**65,656**	**70**	**130,969**

Group	Share capital (Note 26(a)) $'000	Treasury shares (Note 26(b)) $'000	Accumulated profits $'000	Capital reserve (Note 27) $'000	Foreign currency translation reserve (Note 28) $'000	Other reserves, total $'000	Total equity $'000
	Attributable to equity holders of the Company						
Balance at 1 July 2019	65,403	(160)	52,560	1,046	498	1,544	119,347
Profit for the year	–	–	4,101	–	–	–	4,101
Other comprehensive income for the year	–	–	–	–	216	216	216
Total comprehensive income for the year	–	–	4,101	–	216	216	4,317
Contributions by and distributions to owners							
Transfer of capital reserve to accumulated profits (Note 27)	–	–	1,046	(1,046)	–	(1,046)	–
Dividend on ordinary shares (Note 29)	–	–	(4,113)	–	–	–	(4,113)
Balance at 30 June 2020	65,403	(160)	53,594	–	714	714	119,551

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Company	**Share capital (Note 26(a)) $'000**	**Treasury shares (Note 26(b)) $'000**	**Accumulated profits $'000**	**Capital reserve (Note 27) $'000**	**Total equity $'000**
	Attributable to equity holders of the Company				
Balance at 1 July 2020	65,403	(160)	10,028	–	75,271
Profit for the year	–	–	3,670	–	3,670
Total comprehensive income for the year	–	–	3,670	–	3,670
Balance at 30 June 2021	65,403	(160)	13,698	–	78,941
Balance at 1 July 2019	65,403	(160)	17,156	1,046	83,445
Loss for the year	–	–	(4,061)	–	(4,061)
Total comprehensive income for the year	–	–	(4,061)	–	(4,061)
Contributions by and distributions to owners					
Transfer of capital reserve to accumulated profits (Note 27)	–	–	1,046	(1,046)	–
Dividend on ordinary shares (Note 29)	–	–	(4,113)	–	(4,113)
Balance at 30 June 2020	65,403	(160)	10,028	–	75,271

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

CONSOLIDATED **CASH FLOW STATEMENT**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from operating activities			
Profit before taxation		**14,754**	5,058
Adjustments:			
Depreciation of property, plant and equipment	11	**4,872**	5,398
Depreciation of right-of-use assets	24	**1,036**	941
Amortisation of intangible assets	14	**424**	409
Gain on disposal of property, plant and equipment	5	**(253)**	(218)
Loss on disposal of intangible asset	6	**–**	21
(Write-back of)/impairment loss on property, plant and equipment	11	**(1,592)**	4,350
Share of results of joint venture		**35**	(1,155)
Provision for onerous contract, net	6	**14**	248
Write-back of provision for warranty, net	23	**(1,109)**	(74)
Allowance for expected credit losses, net	16	**163**	55
Interest income	5	**(274)**	(543)
Interest expense	8	**235**	273
Rent concession	5	**(25)**	–
Unrealised exchange gain		**(17)**	(4)
Operating cash flows before working capital changes		**18,263**	14,759
Changes in working capital:			
Decrease/(increase) in customer retention monies, trade and other receivables, deposits, prepayments and advances to suppliers		**23,490**	(26,180)
Decrease/(increase) in inventories		**681**	(184)
Decrease in contract assets/liabilities, net		**392**	8,861
(Decrease)/increase in trade and other payables		**(22,253)**	25,013
Cash generated from operations		**20,573**	22,269
Tax paid		**(1,542)**	(474)
Net cash flows generated from operating activities		**19,031**	21,795
Cash flows from investing activities			
Interest received		**311**	624
Purchase of property, plant and equipment	11	**(1,151)**	(3,081)
Purchase of intangible assets	14	**–**	(1,117)
Proceeds from disposal of property, plant and equipment		**483**	379
Net cash flows used in investing activities		**(357)**	(3,195)
Cash flows from financing activities			
Interest paid		**(235)**	(273)
Payment of principal portion of lease liabilities	24	**(889)**	(843)
Decrease in fixed deposits pledged	21	**–**	174
Dividends paid	29	**–**	(4,113)
Net cash flows used in financing activities		**(1,124)**	(5,055)
Net increase in cash and cash equivalents		**17,550**	13,545
Cash and cash equivalents at the beginning of year		**71,416**	57,871
Cash and cash equivalents at end of the year	21	**88,966**	71,416

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

1. Corporate information

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

The registered office and principal place of business of the Company is located at 47 Tuas View Circuit, Singapore 637357.

The principal activities of the Company are those of investment holding and providing managerial, administrative, supervisory and consultancy services to its subsidiary companies. The principal activities of the subsidiary companies and joint venture are disclosed in Notes 12 and 13 to the financial statements respectively.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 July 2020. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company, except for the early adoption of amendment to SFRS(I) 16 *Leases* as described below.

<u>Early adoption of amendment to SFRS(I) 16 *Leases*</u>

The Group has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease. The Group has elected to apply this practical expedient to all property leases.

As a result of applying the practical expedient, rent concessions of $25,000 (Note 24) was recognised as negative variable lease payments (i.e. other income) in the profit or loss during the year.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

2.4 Foreign currency

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD or $ at the rate of exchange ruling at the end of each reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary company, it:

– Derecognises the assets (including goodwill) and liabilities of the subsidiary company at their carrying amounts at the date when control is lost;

– Derecognises the carrying amount of any non-controlling interest;

– Derecognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations

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

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

2. Summary of significant accounting policies (Continued)

2.5 Basis of consolidation and business combinations (Continued)

(b) Business combinations (Continued)

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

2.6 Subsidiary companies

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

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

2.7 Joint arrangement

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a joint venture.

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

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

2. Summary of significant accounting policies (Continued)

2.7 Joint arrangement (Continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint ventures are prepared at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.8 Property, plant and equipment

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

Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold premises	–	25 to 33 years
Machineries and equipment	–	5 to 10 years
Motor vehicles	–	5 years
Office equipment	–	10 years
Workshop tools and equipment	–	3 to 5 years
Trucks, cranes and forklifts	–	5 years
Computers	–	1 to 3 years
Electrical appliances, air-conditioners, furniture and fittings and renovation	–	3 to 10 years

Improvements to leasehold premises are depreciated over the remaining life of the lease. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2. Summary of significant accounting policies (Continued)

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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

- ***Club memberships***

  Club memberships are amortised on a straight-line basis over 7 to 30 years.

- ***Customer contracts***

  Customer contracts were acquired in a business combination and measured at fair value as at the date of acquisition. Subsequently, customer contracts are amortised over their estimated useful lives of 1 to 2 years.

- ***Intellectual property***

  Intellectual property is amortised on a straight-line basis over 3 years.

- ***Computer software***

  Computer software that is integral to the computer is included in property, plant and equipment. Computer software that is used on a computer and is not an integral part of the related hardware is accounted for as an intangible asset.

  Computer software that is accounted for as an intangible asset is amortised on a straight-line basis over 3 years.

2. Summary of significant accounting policies (Continued)

2.10 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal of an impairment loss is recognised in profit or loss.

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

Investments in debt instruments

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

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

Derecognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

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

2. Summary of significant accounting policies (Continued)

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for using purchase costs on a first-in, first-out basis.

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (Continued)

2.15 Provisions

General

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty

Provision for warranty is recognised when service is provided. Initial recognition is based on historical experience. The initial estimate of warranty costs is revised annually and any change is charged or credited to profit or loss.

Provision for onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) 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 cost of fulfilling it and any compensation of penalties arising from failure to fulfil it.

Provision for reinstatement cost

Provision for reinstatement cost is recognised for the cost expected to be incurred to dismantle, remove and restate the asset upon expiry of the lease agreement and are recognised as part of the cost of that particular asset. The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs are added or deducted from the cost of the asset.

2. Summary of significant accounting policies (Continued)

2.16 Financial guarantee

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.12 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.17 Government grants

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

Government grants related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

(a) Defined contribution plans

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

2. Summary of significant accounting policies (Continued)

2.19 Employee benefits (Continued)

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

2.20 Leases – as lessee

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

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

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the leases (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Leasehold land	–	28 to 60 years
Office premises	–	3 to 6 years
Office equipment	–	5 years

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

The right-of-use assets are also subject to impairment. Accounting policies on impairment of non-financial assets are disclosed in Note 2.10 to the financial statements.

2. Summary of significant accounting policies (Continued)

2.20 Leases – as lessee (Continued)

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

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

2.21 Revenue

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

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

2. Summary of significant accounting policies (Continued)

2.21 Revenue (Continued)

(a) Project revenue

Revenue from project whereby the Group has an enforceable right to payment for performance completed to-date is recognised over time, based on proportion of total contract costs incurred to-date and the estimated costs to complete.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified project milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relate less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) Maintenance revenue

Revenue from maintenance services is recognised at a point in time when the Group satisfies a performance obligation by transferring the promised service to the customer, which is when the customer obtains control of the service.

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

(c) Contact centre services

The Group recognises revenue for its contact centre services over time as the customer simultaneously receives and consumes the benefits of the services as they are provided. The Group applies the practical expedient to recognise revenue for these services as invoiced as the Group's right to payment is for an amount that corresponds directly with the value to the customer of the services provided by the Group.

2. Summary of significant accounting policies (Continued)

2.21 Revenue (Continued)

(c) Contact centre services (Continued)

For contracts with variable considerations (such as liquidated damages and discounts), the variable consideration is typically estimated using the expected value method and constrained based on the Group's experience with similar types of contracts 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.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

(d) Interest income

Interest income is recognised using the effective interest method.

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

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

(b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

2. Summary of significant accounting policies (Continued)

2.22 Taxes (Continued)

(b) Deferred tax (Continued)

- In respect of taxable temporary differences associated with investments in subsidiary companies and interest in joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiary companies and interest in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (Continued)

2.22 Taxes (Continued)

(c) Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issue expenses

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

2.25 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

2.26 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

2. Summary of significant accounting policies (Continued)

2.26 Contingencies (Continued)

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Key sources of estimation uncertainty

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

- **Allowance for expected credit losses of trade receivables and contract assets**

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

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

3. Significant accounting estimates and judgements (Continued)

3.1 Key sources of estimation uncertainty (Continued)

- **Allowance for expected credit losses of trade receivables and contract assets** (Continued)

  The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 33(c).

- **Impairment of non-financial assets**

  The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

  The fair value less costs of disposal assessment of non-financial assets is based on available market data and recent transactions of similar assets less costs for disposing the asset.

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

  The carrying amount of the Group's property, plant and equipment, right-of-use assets and the Company's investments in subsidiary companies as at 30 June 2021 were $36,761,000 (2020: $39,100,000), $6,346,000 (2020: $7,346,000) and $37,350,000 (2020: $34,931,000) respectively.

- **Project revenue**

  The Group recognises project revenue over time based on the stage of completion of the contract activity. The stage of completion was determined based on proportion of total contract costs incurred to-date and the estimated costs to complete.

  Significant assumptions are required in determining the stage of completion, the extent of the project costs incurred, the estimated total project revenues and costs to complete. In making these estimations, management relies on past experience and knowledge of project specialists.

  The management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to-date relative to the total inputs expected to be incurred for the projects.

  Project revenue for the year ended 30 June 2021 was $23,231,000 (2020: $24,130,000) for the Group.

3. Significant accounting estimates and judgements (Continued)

3.1 Key sources of estimation uncertainty (Continued)

- **Provision for warranty**

Provision for warranty is recognised for expected warranty claims from painting works. Management has estimated the amount of provision based on their past experience and understanding of the historical trends of warranty claims and the warranty periods. It is expected that the provision will be utilised within the respective warranty periods. The Group provided $1,866,000 (2020: $2,975,000) of provisions for warranty as at 30 June 2021.

3.2 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax assets and deferred tax liabilities as at 30 June 2021 were $2,407,000 (2020: $1,716,000), $174,000 (2020: $471,000) and $547,000 (2020: $437,000) respectively.

4. Revenue

	Group	
	2021	**2020**
	$'000	**$'000**
Disaggregation of revenue:		
Project revenue	**23,231**	24,130
Maintenance revenue	**15,858**	21,581
Contact centre services	**49,417**	49,640
	88,506	95,351

5. Other income

	Group	
	2021	2020
	$'000	$'000
Interest income from:		
– fixed deposits	**192**	530
– others	**82**	13
Gain on disposal of property, plant and equipment	**253**	218
Write-back of impairment loss on property, plant and equipment (Note 11)	**1,592**	–
Government grant income	**6,440**	4,509
Rent concession (Note 2.2)	**25**	–
Others	**681**	117
	9,265	5,387

6. Profit before taxation

The following items have been included in arriving at profit before tax:

	Group	
	2021	2020
	$'000	$'000
Audit fees:		
– Auditors of the Company	**145**	149
– Other auditors	**–**	14
Depreciation of property, plant and equipment (Note 11)	**4,872**	5,398
Depreciation of right-of-use assets (Note 24)	**1,036**	941
Amortisation of intangible assets (Note 14)	**424**	409
Loss on disposal of intangible asset	**–**	21
(Write-back of)/impairment loss on property, plant and equipment (Note 11)	**(1,592)**	4,350
Employee benefits expenses (Note 7)	**33,604**	35,197
Foreign exchange loss, net	**29**	–
Allowance for expected credit losses, net (Note 16)	**163**	55
Write-back of provision for warranty, net (Note 23)	**(1,109)**	(74)
Provision for onerous contract, net	**14**	248

7. Employee benefits expenses

	Group	
	2021	**2020**
	$'000	**$'000**
Employee benefits expenses (including Executive Directors)		
Wages, salaries, bonuses	**28,083**	29,219
Central Provident Fund contributions	**1,669**	1,595
Others	**3,852**	4,383
	33,604	35,197

Employee benefits include the amount of Directors' remuneration as disclosed in Note 30(b).

Employee benefits costs are charged into cost of sales and administrative expenses according to where the employees are deployed.

8. Interest expense

	Group	
	2021	**2020**
	$'000	**$'000**
Interest expense on lease liabilities	**235**	273

9. Taxation

	Group	
	2021	**2020**
	$'000	**$'000**
Current taxation		
– Current year	**2,292**	1,564
– (Over)/underprovision in respect of prior years	**(7)**	1
Deferred taxation		
– Origination and reversal of temporary differences	**500**	(444)
– Overprovision in respect of prior years	**(93)**	(164)
Tax expense	**2,692**	957

9. **Taxation** (Continued)

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit before income tax	**14,754**	5,058
Tax at Singapore statutory tax rate of 17% (2020: 17%)	**2,508**	860
Adjustments:		
– Effect of partial tax exemption and tax incentives	**(119)**	(177)
– Non-deductible expenses	**993**	892
– Non-taxable income	**(585)**	(283)
– Overprovision in respect of prior years, net	**(100)**	(163)
– Tax on undistributed earnings of joint venture	**(11)**	24
– Share of results of joint venture	**6**	(196)
	2,692	957

10. **Earnings per share**

Basic earnings per share is calculated by dividing the profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 June:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit for the year attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	**12,062**	4,101

	Number of shares	
	2021	**2020**[1]
	'000	**'000**
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**205,674**	205,674
Effect of bonus share issue	**20,567**	20,567[1]
Adjusted weighted average number of ordinary shares for basic and diluted earnings per share computation	**226,241**	226,241[1]

[1] Restated for the effect of bonus issue undertaken in June 2021 (Note 26(a)).

11. Property, plant and equipment

Group	Leasehold premises $'000	Machineries and equipment $'000	Motor vehicles $'000	Office equipment $'000	Workshop tools and equipment $'000	Trucks, cranes and forklifts $'000	Computers $'000	Electrical appliances, air-conditioners, furniture and fittings and renovation $'000	Assets under construction $'000	Total $'000
Cost										
At 1 July 2019	46,585	41,125	4,422	1,103	5,333	8,024	2,601	1,414	751	111,358
Additions	1,441	294	489	42	203	–	605	666	1,084	4,824
Disposals	–	(436)	(923)	(169)	(7)	(185)	(1)	–	–	(1,721)
Reclassified to intangible assets (Note 14)	–	–	–	–	–	–	–	–	(99)	(99)
At 30 June 2020 and 1 July 2020	48,026	40,983	3,988	976	5,529	7,839	3,205	2,080	1,736	114,362
Additions	–	360	–	25	322	103	140	94	127	1,171
Disposals	–	(633)	(399)	(87)	–	(69)	–	–	–	(1,188)
Reclassification	1,858	–	–	–	–	–	–	–	(1,858)	–
At 30 June 2021	**49,884**	**40,710**	**3,589**	**914**	**5,851**	**7,873**	**3,345**	**2,174**	**5**	**114,345**

11. Property, plant and equipment (Continued)

Group	Leasehold premises $'000	Machineries and equipment $'000	Motor vehicles $'000	Office equipment $'000	Workshop tools and equipment $'000	Trucks, cranes and forklifts $'000	Computers $'000	Electrical appliances, air-conditioners, furniture and fittings and renovation $'000	Assets under construction $'000	Total $'000
Accumulated depreciation and impairment loss										
At 1 July 2019	13,626	35,099	2,420	659	4,714	7,173	2,423	960	–	67,074
Depreciation charge for the year	2,204	1,339	632	69	288	364	275	227	–	5,398
Disposals	–	(435)	(848)	(85)	(7)	(185)	–	–	–	(1,560)
Impairment loss	2,439	1,677	42	47	88	19	7	31	–	4,350
At 30 June 2020 and 1 July 2020	18,269	37,680	2,246	690	5,083	7,371	2,705	1,218	–	75,262
Depreciation charge for the year	2,281	955	550	50	207	291	285	253	–	4,872
Disposals	–	(632)	(206)	(51)	–	(69)	–	–	–	(958)
Write-back of impairment loss	(1,592)	–	–	–	–	–	–	–	–	(1,592)
At 30 June 2021	**18,958**	**38,003**	**2,590**	**689**	**5,290**	**7,593**	**2,990**	**1,471**	**–**	**77,584**
Net carrying amount										
At 30 June 2021	**30,926**	**2,707**	**999**	**225**	**561**	**280**	**355**	**703**	**5**	**36,761**
At 30 June 2020	29,757	3,303	1,742	286	446	468	500	862	1,736	39,100

11. Property, plant and equipment (Continued)

Company	Computers $'000	Motor vehicles $'000	Total $'000
Cost			
At 1 July 2019	305	864	1,169
Additions	14	–	14
Disposals	–	(248)	(248)
At 30 June 2020 and 1 July 2020	319	616	935
Additions	18	–	18
Disposals	–	(399)	(399)
At 30 June 2021	**337**	**217**	**554**
Accumulated depreciation			
At 1 July 2019	293	374	667
Depreciation charge for the year	11	123	134
Disposals	–	(247)	(247)
At 30 June 2020 and 1 July 2020	304	250	554
Depreciation charge for the year	13	43	56
Disposals	–	(206)	(206)
At 30 June 2021	**317**	**87**	**404**
Net carrying amount			
At 30 June 2021	**20**	**130**	**150**
At 30 June 2020	15	366	381

The cash outflow on acquisition of property, plant and equipment for the Group amounted to $1,151,000 (2020: $3,081,000). The significant non-cash additions to property, plant and equipment include provision for reinstatement cost amounting to $20,000 (2020: $1,714,000).

Impairment of assets

During the financial year, a subsidiary company of the Group within the project and maintenance services segment, performed an impairment assessment and carried out a review of the recoverable amounts of its property, plant and equipment and right-of-use assets. The recoverable amounts were assessed based on their fair value less cost of disposal ("FVLCD").

The Group engaged the assistance of an independent professional valuer to estimate the FVLCD of the leasehold premise using the market approach with adjustments made for differences in the age, location, land area, and conditions of the leasehold premise. The FVLCD of the remaining property, plant and equipment and right-of-use assets of the subsidiary company have been estimated by the Group using both market and cost approaches by making reference to market data and recent transacted prices for similar type of assets. The fair values determined are within level 3 of the fair value hierarchy.

The impairment assessments resulted in a reversal of impairment loss of $1,592,000 (2020: impairment loss of $4,350,000) (Note 5), representing the adjustment of certain property, plant and equipment to the recoverable amount and was recognised in "Other income" (2020: "Other expenses") line item of profit or loss for the financial year ended 30 June 2021.

12. Investments in subsidiary companies

	Company	
	2021	**2020**
	$'000	**$'000**
Unquoted equity shares, at cost	**38,928**	38,928
Capital contributions	**40,029**	20,784
Less: Impairment losses	**(41,607)**	(24,781)
	37,350	34,931

Capital contributions are unsecured, interest-free loans provided to subsidiary companies. The loans are repayable at the sole discretion of the respective subsidiary companies.

Impairment losses

The movement in impairment losses on investment in subsidiary are as follows:

	Company	
	2021	**2020**
	$'000	**$'000**
Movement in allowance accounts		
At beginning of year	**24,781**	2,629
Charge for the year	**16,826**	22,152
At end of year	**41,607**	24,781

As mentioned in Note 11 to the financial statements, the property, plant and equipment and right-of-use assets held by a subsidiary company in the project and maintenance services segment were subjected to impairment assessment. Accordingly, management has estimated the recoverable amount of the Company's investment in this subsidiary company, which included additional capital contribution by the Company made during the financial year amounting to $19,245,000 (2020: $Nil) using the adjusted net asset approach premised on the FVLCD of the relevant aforementioned Group's assets and book values of other net assets that approximate fair value.

The impairment assessments resulted in an additional impairment loss of $16,826,000 (2020: $18,155,000) on the Company's cost of investment in this subsidiary company for the financial year ended 30 June 2021 based on the FVLCD.

12. Investments in subsidiary companies (Continued)

Details of subsidiary companies are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group 2021 %	2020 %
Held by the Company				
Hai Leck Engineering (Private) Limited*	Oil & gas and chemical industries related construction and maintenance services	Singapore	**100**	100
Hai Leck Engineering & Construction Pte. Ltd.*	Engineered solutions and mechanical works	Singapore	**100**	100
Hai Leck Overseas Investments Pte. Ltd.*	Investment holding	Singapore	**100**	100
United Holding (1975) Pte. Ltd.*	Mixed construction activities and investment holding	Singapore	**100**	100
Hai Leck Integrated Services Pte. Ltd.*	Provision of manpower supply, dormitory bed rental and other dormitory related services	Singapore	**100**	100
Hai Leck Services Pte. Ltd.*	Provision of dormitory bed rental and other dormitory related services	Singapore	**100**	100
Hai Leck Engineering (Thailand) Co., Ltd.**	Oil & gas and chemical industries related construction and maintenance services	Thailand	**100**	100

12. Investments in subsidiary companies (Continued)

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group 2021 %	2020 %
Held by subsidiary companies				
Hai Leck Industrial Services Pte. Ltd.*	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	**100**	100
Tele-centre Services Pte Ltd*	Providing call centre services, telecommunications and information technology	Singapore	**100**	100
Hai Leck Corporation Sdn. Bhd.***	Oil & gas and chemical industries related construction and maintenance services	Malaysia	**100**	100

* Audited by Ernst & Young LLP, Singapore
** Audited by SC Consulting Co., Ltd., Thailand
*** Not required to be audited

During the financial year, the Group commenced voluntary winding up procedures in respect of Hai Leck Corporation Sdn. Bhd. As at 30 June 2021, the voluntary winding up procedures are still ongoing.

13. Investment in joint venture

The Group has a joint venture agreement with the other party in Thailand that provides both parties with joint control over the financial and operating policies of Logthai – Hai Leck Engineering Co., Ltd.

Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group 2021 %	2020 %
Held by a subsidiary company				
Logthai – Hai Leck Engineering Co., Ltd*	Oil & gas and chemical industries related construction and maintenance services	Thailand	**49**	49

* Audited by Audit Teams, Thailand

13. Investment in joint venture (Continued)

Summarised financial information in respect of Logthai – Hai Leck Engineering Co., Ltd is as follows:

	2021 $'000	2020 $'000
Summarised balance sheet		
Cash and cash equivalents	**4,320**	3,814
Other current assets	**5,981**	5,398
Current assets	**10,301**	9,212
Non-current assets	**8,312**	9,843
Total assets	**18,613**	19,055
Current liabilities	**2,233**	1,283
Non-current liabilities	**323**	363
Total liabilities	**2,556**	1,646
Net assets	**16,057**	17,409
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets, representing carrying amount of the investment	**7,868**	8,530
Summarised statement of comprehensive income		
Revenue	**20,368**	16,958
Depreciation and amortisation	**458**	317
Taxation	**52**	724
(Loss)/profit for the year, representing total comprehensive income for the year	**(71)**	2,358

14. Intangible assets

	Club memberships $'000	Customer contracts $'000	Intellectual property $'000	Computer software $'000	Total $'000
Cost					
At 1 July 2019	245	271	190	374	1,080
Additions	–	–	–	1,117	1,117
Disposals	(57)	–	–	–	(57)
Reclassified from property, plant and equipment (Note 11)	–	–	–	99	99
At 30 June 2020, 1 July 2020 and 30 June 2021	**188**	**271**	**190**	**1,590**	**2,239**

14. Intangible assets (Continued)

	Club memberships $'000	Customer contracts $'000	Intellectual property $'000	Computer software $'000	Total $'000
Accumulated amortisation					
At 1 July 2019	150	271	151	342	914
Amortisation for the year	10	–	30	369	409
Disposals	(36)	–	–	–	(36)
At 30 June 2020 and 1 July 2020	124	271	181	711	1,287
Amortisation for the year	11	–	9	404	424
At 30 June 2021	**135**	**271**	**190**	**1,115**	**1,711**
Net carrying amount					
At 30 June 2021	**53**	**–**	**–**	**475**	**528**
At 30 June 2020	64	–	9	879	952

15. Inventories

	Group	
	2021 $'000	**2020 $'000**
Raw materials, supplies and consumables	**1,610**	2,291

During the financial year, inventories recognised as an expense in the income statement under cost of sales amounted to $3,775,000 (2020: $6,390,000).

16. Trade receivables

	Group	
	2021 $'000	**2020 $'000**
Trade receivables – external	**16,602**	39,752
Less: Allowance for expected credit losses	**(459)**	(296)
	16,143	39,456
Less: Net GST receivable	**–**	(281)
Net trade receivables excluding net GST receivable	**16,143**	39,175

Trade receivables

Trade receivables pertain to receivables from contracts with customers, are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition. Trade receivables as of 1 July 2019 amounted to $12,659,000.

16. Trade receivables (Continued)

Expected credit losses ("ECL")

The movement in allowance for ECL of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Movement in allowance accounts		
At beginning of year	**296**	241
Charge for the year	**231**	108
Written-back	**(68)**	(53)
At end of year	**459**	296

17. Other receivables and deposits

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current:				
Other receivables	**149**	318	**19**	153
Deposits	**62**	218	**–**	–
Tax recoverable	**2**	54	**–**	–
Government grant receivable (Note 22)	**298**	2,689	**–**	–
Dividend receivable	**–**	–	**9,000**	10,000
	511	3,279	**9,019**	10,153
Non-current:				
Other receivables	**24**	30	**–**	–
Deposits	**117**	–	**–**	–
	141	30	**–**	–
Total	**652**	3,309	**9,019**	10,153

18. Prepayments and advances to suppliers

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Prepaid expenses	**283**	311	**136**	103
Advances to suppliers	**714**	46	**–**	–
	997	357	**136**	103

19. Amount due from a subsidiary company (trade) Amounts due to subsidiary companies (trade) Amount due to a subsidiary company (non-trade)

These amounts are unsecured, interest-free, repayable on demand and to be settled in cash.

20. Contract assets/liabilities

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

		Group	
	As at 30 June 2021 $'000	**As at 30 June 2020 $'000**	**As at 1 July 2019 $'000**
Contract assets	**3,016**	2,171	9,891
Contract liabilities	**2,970**	1,733	592

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

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

(i) Significant changes in contract assets are explained as follows:

	Group	
	2021 $'000	**2020 $'000**
Contract assets reclassified to receivables	**2,171**	9,891

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2021 $'000	**2020 $'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	**1,733**	592

21. Fixed deposits pledged
Cash and cash equivalents

Fixed deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Fixed deposits of $1,134,000 (2020: $1,134,000) are pledged by subsidiary companies to secure banker's guarantees. Interest rates on fixed deposits range from 0.10% to 0.70% (2020: 0.20% to 3.05%) per annum.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	**53,816**	41,982	**13,397**	6,722
Fixed deposits	**36,284**	30,568	**34,723**	23,590
	90,100	72,550	**48,120**	30,312
Fixed deposits pledged with bank	**(1,134)**	(1,134)	**–**	–
Cash and cash equivalents	**88,966**	71,416	**48,120**	30,312

22. Trade and other payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	**2,983**	19,512	**–**	–
Amount due to a joint venture (trade)	**252**	255	**–**	–
Net GST payable	**694**	333	**14**	18
Other payables	**1,046**	1,319	**45**	32
Accrued operating expenses	**12,481**	17,099	**989**	347
Deferred government grant income	**312**	1,521	**–**	–
Supplier retention monies	**27**	48	**–**	–
Advances from customers	**206**	153	**–**	–
	18,001	40,240	**1,048**	397

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.

Other payables

Other payables are non-interest bearing and have an average term of 2 months.

22. Trade and other payables (Continued)

Deferred government grant income

The Group received several government grants as part of the COVID-19 Government Relief Measures which were implemented during the year ended 30 June 2020. These grants include property tax rebate, foreign worker levy rebates as well as Jobs Support Scheme ("JSS"). The Group has recognised these government grants as other income.

The Group is entitled to $4,917,000 (2020: $6,030,000) of these government grants for the financial year ended 30 June 2021. The Group has recognised $6,126,000 (2020: $4,509,000) as part of government grant income in the profit or loss for the financial year ended 30 June 2021 and a balance of $312,000 (2020: $1,521,000) is recognised as deferred government grant income. The Group has $298,000 (2020: $2,689,000) of government grant receivable as at 30 June 2021 (Note 17).

23. Provisions

		Group	
	Warranty $'000	Reinstatement cost $'000	Total $'000
At 1 July 2019	3,049	600	3,649
Provided during the year	236	1,714	1,950
Reversed during the year	(310)	–	(310)
At 30 June 2020 and 1 July 2020	2,975	2,314	5,289
Provided during the year	124	20	144
Reversed during the year	(1,233)	–	(1,233)
At 30 June 2021	**1,866**	**2,334**	**4,200**

	Group	
	2021 $'000	2020 $'000
Current	**1,866**	2,975
Non-current	**2,334**	2,314
Total	**4,200**	5,289

The Group typically provides a 5-year warranty to its customers for painting works. The amount of the provision for warranty is estimated based on past experience of operations management. The provision for reinstatement costs pertain to costs to be incurred for the restoration of the Group's property, plant and equipment. The estimation basis for the provisions is reviewed on an ongoing basis and revised where appropriate.

24. Leases – as lessee

The Group has lease contracts for various items of land, office premises and office equipment used in its operations. The Group also has lease contract for apartment to house its workers. The Group's obligations under its leases are secured by the lessors' title to the leased assets.

The Group also has leases of office equipment with low value. The Group applies the "lease of low-value assets" recognition exemption for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	**Leasehold land $'000**	**Office premises $'000**	**Office equipment $'000**	**Staff accommodation $'000**	**Total $'000**
At 1 July 2019	5,883	595	–	–	6,478
Additions	82	1,664	63	–	1,809
Depreciation charge for the year	(575)	(357)	(9)	–	(941)
At 30 June 2020 and 1 July 2020	5,390	1,902	54	–	7,346
Additions	–	81	–	58	139
Modification to lease liabilities	(103)	–	–	–	(103)
Depreciation charge for the year	(620)	(399)	(12)	(5)	(1,036)
At 30 June 2021	**4,667**	**1,584**	**42**	**53**	**6,346**

The following are the amounts recognised in profit or loss:

	Group	
	2021 $'000	**2020 $'000**
Depreciation expense of right-of-use assets	**1,036**	941
Interest expense on lease liabilities	**235**	273
Expense relating to leases of low-value assets (included in administrative expenses)	**59**	22
Expense relating to short-term leases (included in administrative expenses)	**–**	238
Total amount recognised in profit and loss	**1,330**	1,474

The Group's total cash outflows relating to leases amounted to $1,183,000 (2020: $1,376,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of $139,000 (2020: $1,809,000) in the financial year ended 30 June 2021.

24. Leases – as lessee (Continued)

A reconciliation of liabilities arising from financing activities is as follows:

			Group					
			Non-cash changes					
	1 July 2020 $'000	Cash flows $'000	Additions $'000	Modifications to lease liabilities $'000	Accretion of interest $'000	Rent concession (Note 2.2) $'000	Other $'000	30 June 2021 $'000
Lease liabilities								
– current	900	(1,124)	22	–	235	(25)	998	**1,006**
– non-current	6,791	–	117	(103)	–	–	(998)	**5,807**
Total	7,691	(1,124)	139	(103)	235	(25)	–	**6,813**

			Group			
			Non-cash changes			
	1 July 2019 $'000	Cash flows $'000	Additions $'000	Accretion of interest $'000	Other $'000	30 June 2020 $'000
Lease liabilities						
– current	705	(1,116)	115	273	923	900
– non-current	6,020	–	1,694	–	(923)	6,791
Total	6,725	(1,116)	1,809	273	–	7,691

The 'other' column relates to reclassification of non-current portion of obligations due to passage of time and adjustments to lease liabilities pursuant to changes in expected future cash flows.

During the financial year, payments of $1,124,000 (2020: $1,116,000) included principal repayments of $889,000 (2020: $843,000). The maturity analysis of lease liabilities is disclosed in Note 33.

25. Deferred taxation

Deferred tax relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred tax liabilities						
Differences in depreciation for tax purposes	1,095	1,234	(139)	(646)	3	3
Undistributed earnings of joint venture	110	121	(11)	24	–	–
Deferred tax assets						
Provisions	(832)	(1,389)	557	14	–	–
Net deferred tax liabilities/(assets)	373	(34)			3	3
Deferred income tax expense/(credit)			407	(608)		
Presented as:						
Deferred tax assets	(174)	(471)			–	–
Deferred tax liabilities	547	437			3	3
Net deferred liabilities/(assets)	373	(34)			3	3

Unrecognised temporary differences relating to investment in joint venture

The joint venture cannot distribute its earnings until it obtains the consent of both of the venture partners. As at the end of the reporting period, the Group has recognised deferred tax liability on 15% of the undistributed earnings of the joint venture that has been determined to be distributable in the foreseeable future.

The temporary difference arising from the Group's share of remaining undistributed earnings for which no deferred tax liability has been recognised amounted to $6,114,000 (2020: $6,633,000). The deferred tax liability is estimated to be approximately $611,000 (2020: $663,000).

Tax consequence of proposed dividends

There are no income tax consequences (2020: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 29).

26. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2021		**2020**	
	No. of shares ('000)	**$'000**	**No. of shares ('000)**	**$'000**
At beginning of the year	**205,994**	**65,403**	205,994	65,403
Bonus issue	**20,599**	**–**	–	–
At end of the year	**226,593**	**65,403**	205,994	65,403

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

During the financial year ended 30 June 2021, the Company allotted and issued 20,599,248 ordinary shares at no consideration pursuant to a bonus issue exercise on the basis of one bonus share credited as fully paid for every ten existing ordinary shares in the Company held by the shareholders.

(b) Treasury shares

	Group and Company			
	2021		**2020**	
	No. of shares ('000)	**$'000**	**No. of shares ('000)**	**$'000**
At beginning of the year	**320**	**160**	320	160
Bonus issue	**32**	**–**	–	–
At end of the year	**352**	**160**	320	160

Treasury shares relate to ordinary shares of the Company that are held by the Company.

27. Capital reserve

Since 1 July 2018, no Consolidated 2013 Warrants were exercised to acquire new shares.

The Consolidated 2013 Warrants expired on 13 May 2019. Consequently, the remaining 97,396,852 unexercised Consolidated 2013 Warrants lapsed.

Pursuant to the expiry of the Company's warrants, the Company transferred its capital reserve relating to its warrants to accumulated profits.

28. Foreign currency translation reserve

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

29. Dividend

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Declared and paid during the year:		
Dividends on ordinary shares:		
– Tax-exempt (one-tier) final dividend paid in respect of the previous financial years of $Nil (2020: $0.01) per ordinary share	**–**	2,056
– Tax-exempt (one-tier) special dividend paid in respect of the previous financial years of $Nil (2020: $0.01) per ordinary share	**–**	2,057
	–	4,113
Proposed but not recognised as a liability as at 30 June		
Dividends on ordinary shares, subject to shareholder's approval at the AGM:		
– Tax-exempt (one-tier) final dividend paid in respect of the current financial year of $0.02 (2020: $Nil) per ordinary share	**4,525**	–
– Tax-exempt (one-tier) special dividend paid in respect of the current financial year of $0.04 (2020: $Nil) per ordinary share	**9,050**	–
	13,575	–

30. Related party information

(a) Sales and purchases of services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the financial year on terms agreed between the parties:

	2021	**2020**
	$'000	**$'000**
Provision of consultancy services by a director	**–**	(138)
Services rendered to a director	**16**	–

30. Related party information (Continued)

(b) Compensation of key management personnel

	Group	
	2021	**2020**
	$'000	**$'000**
Central Provident Fund contributions	**91**	165
Short-term employee benefits	**2,926**	2,517
Total compensation paid to key management personnel	**3,017**	2,682
Comprise amounts paid to:		
– Directors of the Company	**2,833**	1,494
– Other key management personnel	**184**	1,188
	3,017	2,682

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

31. Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Capital commitment in respect of intangible assets	**165**	555
Capital commitment in respect of property, plant and equipment	**198**	–
	363	555

32. Contingent liabilities

The Company has provided corporate guarantees amounting to approximately $42,640,000 (2020: $42,640,000) in favour of certain financial institutions for banking facilities granted to subsidiary companies.

The Company has undertaken to provide continuing financial support to Hai Leck Engineering & Construction Pte. Ltd. for the financial year ended 30 June 2021.

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments.

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures the risks.

(a) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposure.

The Group is also exposed to currency translation risks arising from its net investments in foreign operations including Malaysia and Thailand. The Group's net investments in these operations are not hedged as these are considered to be long-term in nature.

Foreign exchange risk is deemed not significant by management as the Group's transactions are mainly in the respective entities' functional currencies. It is the Group's policy not to trade in derivative contracts.

(b) Liquidity risk

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

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

33. Financial risk management objectives and policies (Continued)

(b) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations.

	2021				2020			
	Within 1 year $'000	**1 to 5 years $'000**	**After 5 years $'000**	**Total $'000**	**Within 1 year $'000**	**1 to 5 years $'000**	**After 5 years $'000**	**Total $'000**
Group								
Financial assets:								
Customer retention monies	**1,712**	**–**	**–**	**1,712**	124	–	–	124
Trade and other receivables and deposits (excluding net GST receivable, tax recoverable and government grant receivable)	**16,354**	**141**	**–**	**16,495**	39,711	30	–	39,741
Fixed deposits pledged	**1,134**	**–**	**–**	**1,134**	1,134	–	–	1,134
Cash and cash equivalents	**88,966**	**–**	**–**	**88,966**	71,416	–	–	71,416
Total undiscounted financial assets	**108,166**	**141**	**–**	**108,307**	112,385	30	–	112,415
Financial liabilities:								
Trade and other payables (excluding net GST payable, deferred government grant income and advances from customers)	**16,789**	**–**	**–**	**16,789**	38,233	–	–	38,233
Lease liabilities	**1,203**	**3,838**	**3,623**	**8,664**	1,139	4,478	4,190	9,807
Total undiscounted financial liabilities	**17,992**	**3,838**	**3,623**	**25,453**	39,372	4,478	4,190	48,040
Total net undiscounted financial assets/(liabilities)	**90,174**	**(3,697)**	**(3,623)**	**82,854**	73,013	(4,448)	(4,190)	64,375

As at the balance sheet date, the Company's total financial assets and liabilities have a maturity profile of less than a year.

33. Financial risk management objectives and policies (Continued)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the credit control team.

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

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which is derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

– Actual or expected significant changes in the operating results of the counterparty;

– Significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparties in the Group and changes in the operating results of the counterparty.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 180 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the counterparty;

– A breach of contract, such as a default or past due event;

– It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

33. Financial risk management objectives and policies (Continued)

(c) Credit risk (Continued)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and qualitative information about amount arising from expected credit losses for each class of financial assets.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on business segment. The loss allowance provision as at year-end is determined as follows. The expected credit losses below also incorporate forward-looking information such as forecast of economic conditions.

Summarised below is the information about the credit risk exposure with respect to the Group's trade receivables and contract assets using provision matrix, grouped by operating segments:

Project and maintenance services

		Trade receivables (Days past due)					
30 June 2021	**Contract assets $'000**	**Current $'000**	**1 to 30 $'000**	**More than 30 $'000**	**More than 60 $'000**	**More than 90 $'000**	**Total $'000**
Gross carrying amount	**3,016**	**6,778**	**701**	**212**	**803**	**164**	**8,658**
Loss allowance provision	**–**	**247**	**32**	**10**	**36**	**134**	**459**

		Trade receivables (Days past due)					
30 June 2020	**Contract assets $'000**	**Current $'000**	**1 to 30 $'000**	**More than 30 $'000**	**More than 60 $'000**	**More than 90 $'000**	**Total $'000**
Gross carrying amount	2,171	4,945	78	119	191	509	5,842
Loss allowance provision	–	64	2	3	5	154	228

33. Financial risk management objectives and policies (Continued)

(c) Credit risk (Continued)

Contact centre services

30 June 2021	Current $'000	1 to 30 $'000	More than 30 $'000	More than 60 $'000	More than 90 $'000	Total $'000
	Trade receivables (Days past due)					
Gross carrying amount	**7,721**	**38**	**60**	**125**	**–**	**7,944**
Loss allowance provision	**–**	**–**	**–**	**–**	**–**	**–**

30 June 2020	Current $'000	1 to 30 $'000	More than 30 $'000	More than 60 $'000	More than 90 $'000	Total $'000
	Trade receivables (Days past due)					
Gross carrying amount	33,350	247	249	22	42	33,910
Loss allowance provision	66	1	1	–	–	68

Information regarding loss allowance movement for trade receivables and contract assets are disclosed in Note 16.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of trade and other receivables, contract assets, fixed deposits pledged and cash and cash equivalents. Fixed deposits pledged and cash and cash equivalents are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for expected credit losses based upon expected collectability of all trade debts.

Credit risk concentration profile

At the end of the reporting period, approximately 73% (2020: 88%) of the Group's trade receivables were due from 5 major customers who are multi-national corporations located in Singapore or government agencies.

34. Fair value of assets and liabilities

(a) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

Trade receivables, other receivables and deposits, customer retention monies, trade and other payables and amounts due from/(to) subsidiary companies

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values mainly due to their short-term nature.

(c) Categories of financial instruments

Set out below is the carrying amount of each of the category of the Group's and the Company's financial instruments that are carried in the financial statements:

	2021 **$'000**	**2020** **$'000**
Group		
Financial assets measured at amortised cost		
Customer retention monies	**1,712**	124
Trade receivables (excluding net GST receivable)	**16,143**	39,175
Other receivables and deposits (excluding tax recoverable and government grant receivable)	**352**	566
Fixed deposits pledged	**1,134**	1,134
Cash and cash equivalents	**88,966**	71,416
Total financial assets measured at amortised cost	**108,307**	112,415
Financial liabilities measured at amortised cost		
Trade and other payables (excluding net GST payable, deferred government grant income and advances from customers)	**16,789**	38,233
Lease liabilities	**6,813**	7,691
Total financial liabilities measured at amortised cost	**23,602**	45,924

34. Fair value of assets and liabilities (Continued)

(c) Categories of financial instruments (Continued)

	2021 $'000	2020 $'000
Company		
Financial assets measured at amortised cost		
Other receivables and deposits	**9,019**	10,153
Amount due from a subsidiary company (trade)	**809**	–
Cash and cash equivalents	**48,120**	30,312
Total financial assets measured at amortised cost	**57,948**	40,465
Financial liabilities measured at amortised cost		
Trade and other payables (excluding net GST payable)	**1,034**	379
Amounts due to subsidiary companies (trade)	**14**	88
Amount due to a subsidiary company (non-trade)	**15,506**	–
Total financial liabilities measured at amortised cost	**16,554**	467

35. Capital management

Capital includes debt and equity items.

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2021 and 2020. The Group is not subjected to any externally imposed capital requirements.

36. Segment information

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

(a) Project and maintenance services

Project and maintenance services comprise mechanical engineering services, scaffolding, corrosion protection services, thermal insulation services, refractory and passive fireproofing and complemented by general civil engineering services.

Maintenance services pertain to routine and/or turnaround maintenance service for the abovementioned specialist engineering services. Routine maintenance is carried out on a daily basis without shutting down the operations of the facilities. Turnaround maintenance is carried out periodically and requires the facilities to temporarily shut-down for major clean-up works, replacements and/or additions of pipings and equipment.

36. Segment information (Continued)

(a) Project and maintenance services (Continued)

Mechanical services refer to engineered solutions in structural steel and piping fabrication and installation, plant and equipment installation, maintenance, modifications and repairs to oil refinery, petrochemical, chemical and power plants.

Scaffolding services pertain to erection of scaffolds which are temporary frameworks used to support workmen in the construction or repair of buildings and other large structures.

Corrosion protection involves using high pressure blasting equipment and cleaning processes to remove surface contaminants before the application of a coat of paint onto clean surfaces of metal structures.

Thermal protection and insulation refers to methods and processes used to reduce heat transfer and involves either (i) hot insulation, which is the prevention of heat loss from pipes, vessels and other process equipment, or (ii) cold insulation, which is the prevention of pipes, vessels and other process equipment from rising in temperature by maintaining the temperature of the cold fluids in these pipes, vessels and other process equipment.

(b) Contact centre services

Contact centre services pertain to call centre services, telecommunications and information technology services.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

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

36. Segment information (Continued)

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000		2021 $'000	2020 $'000
Revenue:									
External customers	**39,089**	45,711	**49,417**	49,640	**–**	–		**88,506**	95,351
Results:									
Interest income	**256**	530	**18**	13	**–**	–		**274**	543
Interest expenses	**183**	210	**52**	63	**–**	–		**235**	273
Depreciation and amortisation	**5,072**	5,577	**1,260**	1,171	**–**	–		**6,332**	6,748
Write-back of/(impairment loss) on property, plant and equipment	**1,592**	(4,350)	**–**	–	**–**	–		**1,592**	(4,350)
Segment profit/(loss) before tax	**3,970**	(2,116)	**10,784**	7,174	**–**	–		**14,754**	5,058
Assets:									
Additions to non-current assets	**1,166**	3,814	**144**	3,936	**–**	–	A	**1,310**	7,750
Segment assets	**140,575**	128,704	**25,156**	47,428	**176**	525	B	**165,907**	176,657
Segment liabilities	**23,045**	20,890	**9,226**	35,216	**2,667**	1,000	C	**34,938**	57,106

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

A. Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and intangible assets.

B. Deferred tax assets and tax recoverable are added to segment assets to arrive at total assets reported in the consolidated balance sheet.

C. The following items are (deducted from)/added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2021 $'000	2020 $'000
Inter-segment liabilities	**(287)**	(1,153)
Income tax payable	**2,407**	1,716
Deferred tax liabilities	**547**	437
	2,667	1,000

36. Segment information (Continued)

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**88,506**	89,669	**43,635**	47,398
Others	**–**	5,682	**–**	–
Total	**88,506**	95,351	**43,635**	47,398

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheet.

Information about major customers

The Group derives revenue from one (2020: two) major customers arising from the project and maintenance services segment and one (2020: one) major customer arising from the contact centre services segment as follows:

	Project and maintenance services		Contact centre services	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Customer A	**14,405**	18,968	**–**	–
Customer B	**5,577***	10,782	**–**	–
Customer C	**–**	–	**32,781**	33,974

* This figure has been shown for comparative purposes.

37. Authorisation of financial statements

The financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 27 September 2021.

STATISTICS OF **SHAREHOLDINGS**

AS AT 29 SEPTEMBER 2021

SHAREHOLDERS' INFORMATION

Total number of shares excluding treasury shares	:	226,241,195
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share (excluding treasury shares)

TREASURY SHARES

Total number of shares held as treasury shares	:	352,000
Voting rights	:	None
Percentage of holding against the total number of issued shares excluding treasury shares	:	0.16%

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	369	32.20	2,804	0.00
100 – 1,000	246	21.47	130,588	0.06
1,001 – 10,000	223	19.46	983,728	0.43
10,001 – 1,000,000	302	26.35	16,578,794	7.33
1,000,001 AND ABOVE	6	0.52	208,545,281	92.18
TOTAL	**1,146**	**100.00**	**226,241,195**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHENG BUCK POH @ CHNG BOK POH	106,122,665	46.91
2	CHENG CAPITAL HOLDINGS PTE LTD	85,800,000	37.92
3	CITIBANK NOMINEES SINGAPORE PTE LTD	5,687,660	2.51
4	WING HUAT LOONG PTE LTD	4,855,015	2.15
5	IFAST FINANCIAL PTE. LTD.	3,391,710	1.50
6	DBS NOMINEES (PRIVATE) LIMITED	2,688,231	1.19
7	CHENG HWEE PEOW @ CHONG HUI PING	770,000	0.34
8	TAN WEI YI (CHEN WEIYI)	694,870	0.31
9	RAFFLES NOMINEES (PTE) LIMITED	666,805	0.29
10	THOMAS DENNIS WILLIAM	567,050	0.25
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	486,193	0.21
12	PHILLIP SECURITIES PTE LTD	485,927	0.21
13	KOH SOON CHUANG	373,450	0.17
14	TEO SOON SENG	357,500	0.16
15	LOW SEOW CHAY	278,850	0.12
16	UOB KAY HIAN PRIVATE LIMITED	261,800	0.12
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	241,567	0.11
18	LIM TONG KWANG (LIN ZHONGGUANG)	236,225	0.10
19	CHONG KIM LIAN	198,550	0.09
20	ANG BOON SIANG	195,250	0.09
	TOTAL	**214,359,318**	**94.75**

STATISTICS OF **SHAREHOLDINGS**

AS AT 29 SEPTEMBER 2021

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Cheng Capital Holdings Pte Ltd	85,800,000	37.92	–	–
Cheng Buck Poh @ Chng Bok Poh	106,122,665	46.91	85,800,000	37.92
Goo Guik Bing @ Goh Guik Bing	–	–	191,922,665	84.83

The percentage of shareholding above is computed based on the total issued shares of 226,241,195 excluding treasury shares.

Notes:

1. Cheng Capital Holdings Pte Ltd ("Cheng Capital Holdings") is held by Messrs Cheng Buck Poh @ Chng Bok Poh (32 shares (31.68%)), Goo Guik Bing @ Goh Guik Bing (10 shares (9.90%)),Cheng Li Peng (7 shares (6.93%)), Cheng Li Chen (15 shares (14.85%)), Cheng Li Hui (7 shares (6.93%)), Cheng Wee Ling (15 shares (14.85%)) and Cheng Yao Tong (15 shares (14.85%)). Mr Cheng Buck Poh @ Chng Bok Poh and Mdm Goo Guik Bing @ Goh Guik Bing are husband and wife and our Executive Director, Ms Cheng Wee Ling, as well as Ms Cheng Li Peng, Ms Cheng Li Chen, Ms Cheng Li Hui and Mr Cheng Yao Tong are their children.

2. Mr Cheng Buck Poh @ Chng Bok Poh is deemed to be interested in the 85,800,000 shares held by Cheng Capital Holdings by virtue of his 31.68% shareholdings in Cheng Capital Holdings.

3. Mdm Goo Guik Bing @ Goh Guik Bing is deemed to be interested in the 85,800,000 shares held by Cheng Capital Holdings by virtue of her husband's 31.68% shareholdings in Cheng Capital Holdings and 106,122,665 shares held by her husband.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

14.62% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hai Leck Holdings Limited (the "**Company**") will be held by way of electronic means on Thursday, 28 October 2021 at 10.00 a.m. (Singapore time) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2021 together with the Auditor's Report thereon.
   (Resolution 1)

2. To declare special dividend of 4.00 Singapore cents (S$0.04) per ordinary share (one-tier, tax-exempt) and final dividend of 2.00 Singapore cents (S$0.02) per ordinary share (one-tier, tax-exempt) for the financial year ended 30 June 2021.
   (Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Regulation 92 of the Constitution of the Company:

   (i) Mr Lim Hui Kwan
   [See Explanatory Note (i)] **(Resolution 3)**

   (ii) Ms Cheng Wee Ling
   [See Explanatory Note (ii)] **(Resolution 4)**

   (iii) Ms Christina Chow Poh Lin
   [See Explanatory Note (iii)] **(Resolution 5)**

4. To re-elect Mr Tan Sim Cheng retiring pursuant to Regulation 93 of the Constitution of the Company.
   [See Explanatory Note (iv)] **(Resolution 6)**

5. Contingent upon the passing of Ordinary Resolution 6 and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**") which will take effect from 1 January 2022, Shareholders to approve the continued appointment of Mr Tan Sim Cheng as an Independent Director, and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM from the aforesaid approval.
   [See Explanatory Note (iv)] **(Resolution 7)**

6. Contingent upon the passing of Ordinary Resolutions 6 and 7 and pursuant to Rule 210(5)(d)(iii) of the Listing Manual which will take effect from 1 January 2022, Shareholders, excluding the directors, the chief executive officer and their associates, to approve the continued appointment of Mr Tan Sim Cheng as an Independent Director, and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM from the aforesaid approval.
   [See Explanatory Note (iv)] **(Resolution 8)**

7. To approve the payment of Directors' fees amounting to S$125,000 for the financial year ending 30 June 2022 to be paid quarterly in arrears (FY2021: S$129,973).
   (Resolution 9)

8. To re-appoint Messrs Ernst & Young LLP, Certified Public Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
   (Resolution 10)

9. To transact any other ordinary business which may properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

10. Authority to Issue Shares

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and Rule 806 of the Listing Manual, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall be limited as follows:

(a) without prejudice to sub-paragraph (1)(b) below, the aggregate number of shares to be issued shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) ("**General Limit**");

(b) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a *pro-rata* basis ("**Renounceable Rights Issues**") shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) ("**Additional Limit**");

(c) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the remaining General Limit;

(d) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the remaining General Limit;

(e) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(3) no shares shall be issued pursuant to this Resolution after the conclusion of the next Annual General Meeting ("**AGM**"), if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(4) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1)(a) and 1(b) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with 10(4)(a) or 10(4)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of the Share Issue Mandate.

(5) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company for the time being of the Company; and

(6) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments, whichever is earlier.
[See Explanatory Note (v)] **(Resolution 11)**

11. Proposed renewal of the share buy back mandate

That:

(a) for the purposes of Sections 76C and 76E of the Singapore Companies Act, Chapter 50 ("**Companies Act**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable,

("**Share Buy Back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earliest of:

(i) the date on which the next AGM of the Company is held or is required by law to be held;

(ii) the date on which the share buy backs are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(d) for purposes of this resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time and subsidiary holdings);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs during the relevant 5-day period and the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution.
[See Explanatory Note (vi)] **(Resolution 12)**

By Order of the Board
Siau Kuei Lian
Company Secretary

Singapore
13 October 2021

Explanatory Notes:

(i) Mr Lim Hui Kwan will, upon re-election as a Director, remain as Independent and Non-Executive Director of the Company, Chairman of Remuneration Committee and a member of Nominating Committee and Audit Committee. The Board considers Mr Lim Hui Kwan to be independent for the purpose of Rule 704(8) of the Listing Manual. Please refer to Table A of the Corporate Governance Report from page 43 to 45 of the Annual Report 2021 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(ii) Ms Cheng Wee Ling will, upon re-election as a Director, remain as Executive Director of the Company. Please refer to Table A of the Corporate Governance Report from page 43 to 45 of the Annual Report 2021 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(iii) Ms Christina Chow Poh Lin will, upon re-election as a Director, remain as Executive Director of the Company. Please refer to Table A of the Corporate Governance Report from page 43 to 45 of the Annual Report 2021 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(iv) Contingent upon the passing of Ordinary Resolution 6 and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Mr Tan Sim Cheng, having served on the Board beyond nine (9) years from the date of his first appointment, will not be considered as an Independent Director on 1 January 2022 unless his appointment as an Independent Director is approved in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their associates. The Company is seeking at this AGM to obtain the required approval in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their associates prior to 1 January 2022 as required for his continued appointment as an Independent Director. Ordinary Resolutions 7 and 8, if passed, will enable Mr Tan Sim Cheng to continue his appointment as an Independent Director (unless the appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and to Provision 2.1 of the Code of Corporate Governance 2018 and the approval shall remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company. Ordinary Resolution 8 is conditional upon Ordinary Resolutions 6 and 7 being duly approved, else the aforesaid director will be designated as Non-Independent Director with effect from 1 January 2022 and the Company will consider other alternative including refreshment of the Board.

If only Ordinary Resolution 6 is passed, Mr Tan Sim Cheng shall continue as an Independent Director of the Company up to and including 31 December 2021, and shall thereafter be re-designated as a Non-Executive and Non-Independent Director as of and from 1 January 2022. If Ordinary Resolution 6 is not passed, Ordinary Resolutions 7 and 8 will be withdrawn. The Company shall endeavor to search for suitable candidate(s) and fill the vacancies of the independent director(s) within two, but no later than three months to fulfill the requirements of the Listing Manual and Code of Corporate Governance, where applicable.

(v) Ordinary Resolution 11 in item 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding the aggregate of, (i) 50% of the total number of issued shares (excluding treasury shares and subsidiary shareholdings), of which up to 20% may be issued other than on a *pro-rata* basis to existing shareholders of the Company (the General Limit) and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares and subsidiary holdings) at the time Ordinary Resolution 11 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

The authority for the Additional Limit is proposed which became effective on 8 April 2020 until the conclusion of the next AGM by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (the "**Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the Annual Report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

(vi) Ordinary Resolution 12 in item 11 above, if passed, will empower the Directors of the Company from the date of the above AGM up to the earliest of (i) the conclusion of the date of the next AGM of the Company or the date by which such AGM of the Company is required by law to be held; (ii) the date on which the share buy backs are carried out to the full extent mandated; or (iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked by the Company to purchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the AGM at which this Ordinary Resolution is passed. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy Back Mandate on the audited consolidated financial results of the Group for the financial year ended 30 June 2021 are set out in greater detail in the Addendum despatched together with the Annual Report 2021.

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Hai Leck Holdings Limited (the "**Company**") will be closed on 2 November 2021 for the purpose of determining the entitlements to the proposed special dividend of 4.00 Singapore cents (S$0.04) per ordinary share (one-tier, tax-exempt) and final dividend of 2.00 Singapore cents (S$0.02) per ordinary share (one-tier, tax-exempt) for the financial year ended 30 June 2021.

Duly completed registrable transfers received by the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. of 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, up to 5.00 p.m. on 2 November 2021 will be registered to determine members' entitlements to the proposed special and final dividend.

Members whose Securities Account with The Central Depository (Pte) Limited are credited with shares up to 5.00 p.m. on 2 November 2021 will be entitled to the proposed special and final dividend.

The proposed payment of the special and final dividend, if approved by the members at the forthcoming AGM to be held on 28 October 2021, will be paid on 15 November 2021.

Notes:

General

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by electronic means and members of the Company will NOT be able to attend the AGM in person. Printed copies of this Notice and the Annual Report 2021 will not be despatched to members. Instead, this Notice and the Annual Report 2021 will be made available to members by electronic means via publication on the SGX website at www.sgx.com/securities/company-announcements and on the Company's website at http://www.haileck.com.

2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:

   (a) watching and/or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Notes 3 to 6 below;

(b) submitting questions ahead of the AGM. Please refer to Notes 7 to 9 below for further details; and/or

(c) voting by proxy at the AGM. Please refer to Notes 10 to 19 below for further details.

Participation in AGM proceedings via "live webcast"

3. A member of the Company or their corporate representative(s) (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast, either, via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, member must pre-register with the Company by 10.00 a.m. on 25 October 2021 ("**Registration Deadline**"), at the URL: https://conveneagm.com/sg/haileck (the "**Hai Leck AGM Website**"), to create an account. Corporate members must also submit the Corporate Representative Certificate to the Company at the following email address: agm@haileck.com.

4. Following the authentication of his/her/its status as a member of the Company, such member will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

5. Members who have pre-registered by the Registration Deadline but do not receive the aforementioned email by 10.00 a.m. on 27 October 2021 should contact the Company at the following email address: agm@haileck.com, with the following details included:

   (a) the member's full name; and

   (b) his/her/its identification/registration number.

6. Non-CPF/SRS holders whose shares are registered under Depository Agents ("**DAs**") must **also** contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast.

Submission of questions prior to the AGM

7. Shareholders will not be able to ask questions during the Live Webcast. Therefore, it is important for shareholders to register and submit their questions in advance of the AGM. A member of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. The Company will endeavour to address questions which are substantial and relevant.

8. To do so, all questions must be submitted no later than the Registration Deadline through any one of the following means: (a) via the **Hai Leck AGM Website** https://conveneagm.com/sg/haileck; or (b) in physical copy by depositing the same at the registered office of the Company at **47 Tuas View Circuit, Singapore 637357**; or (c) by email to agm@haileck.com.

9. If the questions are deposited in physical copy at the Company's registered office 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

10. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) is/are advised to specify his/her/its votes for the respective resolutions in the instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**"), failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

11. The Chairman of the Meeting, as proxy, need not be a member of the Company.

12. The Proxy Form must be submitted through any one of the following means: (a) via the **Hai Leck AGM Website** https://conveneagm.com/sg/haileck in the electronic format accessible on the Hai Leck AGM Website; (b) by posting a physical copy to the registered office of the Company at **47 Tuas View Circuit, Singapore 637357**; or (c) by sending a scanned PDF copy by email to agm@haileck.com, in each case, no later than 10.00 a.m. on 25 October 2021, and failing which, the Proxy Form will not be treated as valid.

13. In the case of submission of the Proxy Form other than via the Hai Leck AGM Website, a member who wishes to submit an instrument of proxy 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.

14. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically either through Hai Leck AGM Website or via email to the Company.

15. In the case of submission of the Proxy Form other than via the Hai Leck AGM Website, the Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

16. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act (Chapter 50 of Singapore) and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

17. The Company shall be entitled to reject the Proxy Form 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 Proxy Form.

18. In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the 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 the AGM, as certified by The Central Depository (Pte) Limited to the Company.

NOTICE OF **ANNUAL GENERAL MEETING**

19. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her voting rights by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Banks or SRS Operators) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

*A Relevant Intermediary is:

(a) banking corporation licensed under the Banking Act (Cap. 19) 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; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board ("**Board**") established by the Central Provident Fund Act (Cap. 36) of Singapore ("**Act**"), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company consents to the collection, use and disclosure of such member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration, analysis and facilitation by the Company (or its agents or service providers) of his/her/its participation in the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

Due to the current COVID-19 situation and the related safe distancing measures, the Company will closely monitor the situation and reserve the right to change our arrangements for the AGM at short notice. Shareholders should check SGXNET and the above URL for the latest updates of the AGM. The Company apologises for any inconvenience caused and seek the understanding and cooperation of all Shareholders in enabling the Company to hold its AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

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HAI LECK HOLDINGS LIMITED
(Company Registration No. 199804461D)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the AGM are set out in the Company's announcement which, together with the Notice of Annual General Meeting dated 13 October 2021, have been uploaded on SGXNET. The announcement and the Notice of Annual General Meeting can also be accessed at the home page of the Company's corporate website (http://www.haileck.com).
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may inform his/her CPF Agent Banks and/or SRS Operators to appoint the Chairman of the Meeting to act as his/her proxy, at least 7 working days before the Meeting, in which case, CPF/SRS investor shall be precluded from attending the Meeting.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, (Name) ________________________________ (NRIC/Passport No.) ________________

of ____ (Address)
being *a member/members of **Hai Leck Holdings Limited** (the "**Company**"), hereby appoint:

Name	Proportion of Shareholdings	
	No. of Shares	%
Chairman of the Meeting		

as my/our* proxy to attend and vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held by way of electronic means on Thursday, 28 October 2021 at 10.00 a.m. (Singapore time) and at any adjournment thereof. I/We* direct the Chairman of the Meeting to vote for, against or to abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

No.	Resolutions relating to	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
Ordinary Business				
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2021			
2	Declaration of special and final dividend			
3	Re-election of Mr Lim Hui Kwan as a Director			
4	Re-election of Ms Cheng Wee Ling as a Director			
5	Re-election of Ms Christina Chow Poh Lin as a Director			
6	Re-election of Mr Tan Sim Cheng as a Director			
7	Approval of the continued appointment of Mr Tan Sim Cheng as an Independent Director by shareholders			
8	Approval of the continued appointment of Mr Tan Sim Cheng as an Independent Director by shareholders (excluding the directors, the chief executive officer and their associates)			
9	Approval of Directors' fees amounting to S$125,000 for the financial year ending 30 June 2022, to be paid quarterly in arrears			
10	Re-appointment of Messrs Ernst & Young LLP as Auditors			
Special Business				
11	Authority to allot and issue new shares			
12	Renewal of Share Buy Back Mandate			

***If you wish the Chairman of the Meeting, as your proxy, to exercise all your votes 'For', 'Against' or to 'Abstain' from voting, please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing the Chairman of the Meeting not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.*

Dated this ________ day of ________________ 2021

Total number of Shares held

____

Signature of Member and/or,
Common Seal of Corporate Shareholder
* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting as the proxy shall be deemed to relate to all the shares held by you.

2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by way of electronic means and members of the Company will NOT be able to attend the AGM in person.

3. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) is/are advised to specify his/her/its votes for the respective resolutions in this Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. This Proxy Form must be submitted through any one of the following means: (a) via the following URL: https://conveneagm.com/sg/haileck (the "**Hai Leck AGM Website**") in the electronic format accessible on the Hai Leck AGM Website; or (b) by posting a physical copy to the registered office of the Company at 47 Tuas View Circuit, Singapore 637357; or (c) by sending a scanned PDF copy via email to agm@haileck.com, in either case, **no later than 10.00 a.m. on 25 October 2021**, and failing which, this Proxy Form will not be treated as valid.

6. A member who wishes to submit an instrument of proxy 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.

7. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically either through Hai Leck AGM Website or via email to the Company.**

8. In the case of submission of this Proxy Form other than via the Hai Leck AGM Website, this Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

10. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her voting rights by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Banks or SRS Operators) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) 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; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board ("**Board**") established by the Central Provident Fund Act (Cap. 36) of Singapore ("**Act**"), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as the proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 October 2021.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as the proxy if it is incomplete, improperly completed or 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 Meeting as the proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as the proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

HAI LECK
HOLDINGS LIMITED
(Company Registration Number 199804461D)
47 TUAS VIEW CIRCUIT
SINGAPORE 637357