集永成机构有限公司
CHIP ENG SENG CORPORATION LTD.

PURSUING VALUE THROUGH SYNERGY

Annual Report 2021

Park Colonial, Singapore

CONTENTS

CORPORATE PROFILE

Chip Eng Seng Corporation Ltd. ("**CES**") has been listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") since 24 November 1999.

CES had its beginnings as a subcontractor of conventional landed properties in the 1960s. Today, CES and its subsidiaries (together, the "**Group**") is an established homegrown property development and construction group headquartered in Singapore. The Group currently has five core businesses: (i) Property Development, (ii) Construction, (iii) Hospitality, (iv) Property Investment, and (v) Education, with geographical outreach in 15 economies. These diverse income streams, coupled with the resilience and agility of CES's businesses, have enabled the Group to navigate challenges such as the COVID-19 pandemic and emerge stronger.

The Group has been in the property development business for over two decades. The property development division has grown from strength to strength since its inception. The Group engages in the development of quality residential, industrial, commercial and mixed-use projects. Since 2002, the Group has ventured beyond Singapore, by acquiring and developing sites in Australia for residential and mixed-use projects with a residential component. Notable completed residential projects in Singapore include High Park Residences (1,399 units - which is the Group's most sizeable development project to date in terms of number of units), Park Colonial (805 units) and Grandeur Park Residences (722 units). New development projects in the pipeline include the redevelopment of the property at Maxwell House and Peace Centre/Peace Mansion (pending legal completion of the acquisition) into commercial and residential mixed-use developments.

Kopar at Newton, Singapore

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THE PROPERTY DEVELOPMENT DIVISION HAS GROWN FROM STRENGTH TO STRENGTH SINCE ITS INCEPTION.

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Through organic growth and strategic acquisitions and investments, the Group's construction division steadily enhanced its competencies to now include (i) general building and civil engineering works for public and private residential projects, (ii) production of precast and prefabricated prefinished volumetric construction building components, (iii) civil, industrial and utilities infrastructure projects, (iv) water and environmental engineering projects, and (v) modular building construction (3D printing technology). One of the Group's most recognisable and iconic public housing projects is the Pinnacle@Duxton.

In 2015, the Group further augmented its business by venturing into the hospitality sector. The Group has since grown its hospitality portfolio, with assets comprising one hotel in Singapore, one resort in the Maldives and two hotels in Australia. The Group has two upcoming hospitality assets in the pipeline, being a new hotel to be constructed in Australia and another new resort to be constructed in the Maldives. More recently in January 2022, the Group, through a joint venture in which it has a 70% equity interest, extended its hospitality business to include the provision of management services to hotels and serviced residences.

The Group's property investment division currently comprises mainly commercial properties in Singapore, Australia and New Zealand, whose rental income and long-term capital appreciation further enhance the Group's recurring revenue stream and assets.

As testament to the Group's growth strategy to diversify its businesses and income base, the Group ventured into the education sector in 2018. The Group's education division operates under a holding company, Sing-Ed Global Schoolhouse Pte. Ltd., which name reflects the Singapore core of the education business as well as the positioning and branding as an education provider with global aspirations. The Group's education business now has geographical presence in Singapore, Malaysia, The People's Republic of China (the "**PRC**"), Hong Kong Special Adminstrative Region, Cambodia and Thailand. The current scope of the business ranges from operating pre-schools and K-12 international schools, as well as investing in education technologies that enhance the product offerings in the Group's schools.


Bidadari Contract 8 & Contract 9, Singapore

Woodlands Neighbourhood 1 Contract 25, Singapore

JOINT MESSAGE BY CHAIRMAN & CEO

Dear Shareholders,

Chip Eng Seng Corporation Ltd., together with its subsidiaries (collectively, the "**Group**"), has for over four decades grown from strength to strength. We have expanded the Group's portfolio of businesses, broadened and deepened its capabilities and expertise and widened the Group's footprint geographically. Strong business fundamentals and sound corporate strategies, coupled with a dedicated and talented workforce have enabled us to navigate various challenges over the years, none more so than the past two years. The COVID-19 pandemic has inflicted significant social and economic damage globally. The Group has not been spared from the impact of the pandemic, as evidenced by its financial results for the last two financial years. Nevertheless, we have continued to execute key strategic plans in terms of investments, asset rationalisation, operational improvements and resource optimisation, to ready the Group for the eventual return to normalcy.

> WE HAVE CONTINUED TO EXECUTE KEY STRATEGIC PLANS IN TERMS OF INVESTMENTS, ASSET RATIONALISATION, OPERATIONAL IMPROVEMENTS AND RESOURCE OPTIMISATION, TO READY THE GROUP FOR THE EVENTUAL RETURN TO NORMALCY.

SEIZING OPPORTUNITIES, INCREASING OPERATIONAL EFFICIENCIES, PREPARING FOR THE UPTURN

In 2021, the Group's property development division continued to actively source for property assets which will yield attractive returns post-development. The Group successfully completed its enbloc acquisition of Maxwell House for redevelopment and is in the midst of completing its enbloc acquisition of Peace Centre and Peace Mansion. The Group's construction business secured two major public sector projects. With regard to the Group's hospitality business, in view of continued border restrictions, the Group adopted prudent and stringent financial measures by deferring construction and development plans for its new hospitality projects. On the education front, the Group took steps to extend the footprint of its brands and to direct its resources in this sector towards business development and revenue generation. The Group also divested several assets as part of its asset management strategy, such as its stake in a cybersecurity education company, a development site in South Melbourne, Australia and its shophouse and industrial properties in Singapore. Operationally, the Group made efforts to digitalise its processes for greater efficiency and enhanced productivity.

Our efforts on these fronts bore fruit. Revenue in 2021 increased by 65.3% from $674.6 million to $1.12 billion while loss after tax in 2021 narrowed significantly to $21.6 million from $78.5 million in 2020. In tandem with higher revenue, gross profit increased significantly by 113.4% from $65.2 million in 2020 to $139.2 million in 2021. The Group's balance sheet remains healthy. The Group reduced its total borrowings mainly due to repayment of bank borrowings for its development properties and the redemption of its outstanding $13.0 million term notes upon maturity, partially offset by the issuance of new $48.8 million term notes and drawdown of new working capital loans. Consequently, the Group's gearing decreased from 1.74 as at 31 December 2020 to 1.22 as at 31 December 2021.

Given the challenges faced by the Group across all its business divisions in 2021, most significantly in terms of continued manpower shortages, supply chain disruption, increased raw material prices and border restrictions affecting international travel, the Group has demonstrated resilience and determination to improve its overall business and financial performance.

YEAR IN REVIEW

PROPERTY DEVELOPMENT

The division recorded a 39.6% increase in revenue, from $464.2 million in 2020 to $648.1 million in 2021. The higher revenue was mainly attributable to the sale of the development site at Gladstone Street, South Melbourne and higher contributions from its residential development projects, Park Colonial, Kopar at Newton and Parc Komo. However, this was partially offset by lower progressive revenue recognition from Grandeur Park Residences, which was completed in 2020 and fully sold in the first quarter of 2021.

While more relaxed border restrictions have facilitated the entry of construction workers into the country, there was still an overall labour shortage. Furthermore, the continued worksite mandatory precautionary measures imposed in response to the COVID-19 pandemic affected productivity, thereby impacting the completion timelines of the Group's development projects, Kopar at Newton and Parc Komo, and consequently their associated revenue recognition and progress payments. On a more positive note, buyer sentiment for real estate properties has remained strong in Singapore and this has translated into a healthy take-up for the Group's residential development projects. The Group has also launched for sale its mixed-use development project in South Perth, Western Australia, comprising residential apartments with a commercial podium. The project has registered encouraging sales, riding on the growth of home sales in South Perth.

Given the most recent round of cooling measures in Singapore which took effect in December 2021 and ongoing uncertainty in the global economy, the Group will continue to exercise caution and be selective in replenishing its land bank for its property development business in Singapore and overseas.

CONSTRUCTION

The division's revenue grew by 162.5% from $144.6 million in 2020 to $379.5 million in 2021. The sharp rebound was largely due to the low base registered in 2020 during which the construction sector was battered by constant work stoppages. There was also revenue contribution from new projects secured in 2021.

Sector challenges remained prevalent, such as the increased costs of manpower and key construction materials due to shortage and disruption of supply.[1]

[1] According to the Building and Construction Authority's Tender Price Index, costs of manpower and key construction materials rose by 14.5% in 2021. Ministry of Trade and Industry, "Economic Survey of Singapore 2021."

Kopar at Newton, Singapore

Contract J107 - JW2 Station Artist Impression, Singapore

JOINT MESSAGE BY CHAIRMAN & CEO

Furthermore, worksite productivity has been negatively impacted by safe-distancing and worksite regulations which have remained in place to prevent the spread of the COVID-19 virus.

The Group will continue to leverage on its expanded capabilities in the building, infrastructure, construction and construction project management business. We also aim to transform the construction division through innovation and technology, leading to greater efficiency and productivity, which will give the Group a competitive edge in the sector.

HOSPITALITY

The division's revenue grew by 33.0% from $34.6 million in 2020 to $46.1 million in 2021 driven by higher contribution from its hotels except Park Hotel Alexandra in Singapore. Park Hotel Alexandra registered weaker revenue due to low occupancy in the first few months of the year before it was leased as an isolation facility for the rest of the year.

The hospitality sector is one of the slowest sectors in terms of recovery from the COVID-19 pandemic. This is despite the gradual re-opening of borders, increase in international flights and gradual resumption of business and essential international travel. The Group's resort in the Maldives, the Grand Park Kodhipparu, performed relatively well benchmarked against its competitors. Occupancy in the Group's hotels in Australia was supported by the uptick in domestic travel.

We remain prudent in managing our hospitality assets through continuous efforts in cost containment measures and initiatives. High vaccination rates in major economies and pent-up demand for business and leisure travel will likely propel the tourism sector towards a better performance in 2022 although differing levels of border control and variations in vaccine passports will continue to hinder international travel.

EDUCATION

Our education division achieved revenue of $36.7 million in 2021, an increase of 41.5% from $25.9 million in 2020.

With the relocation of many expatriates to their home countries in light of the COVID-19 pandemic, enrolment of international students in Singapore and the region fell, the effects of which were felt in our K-12 schools and preschools. Furthermore, we faced challenges with the recruitment of international teachers, given the curtailment of travel and stringent entry requirements for foreigners.

In 2021, we focused on building our Invictus-brand of international schools regionally, with particular emphasis on K-12 schools. The Group also embarked on obtaining EduTrust accreditation for its international schools in Singapore and is well on track to obtaining such accreditation. The Invictus international school in Singapore obtained EduTrust accreditation in May 2021, which is valid for one year. The school is working towards renewing its EduTrust accreditation. The EduTrust Certification Scheme is a quality assurance scheme which distinguishes private schools that consistently maintain a high standard of quality in the overall provision of education services and make continual improvements that lead to positive student outcomes. Such accreditation will allow the Group to further expand its student intake in Singapore to include students from the region in addition to locally-based expatriate families.

In 2021, to achieve better economies of scale and mitigate rising operating costs, the division centralised the finance, human resources, operations and marketing functions within its schools at the holding company level. The division also streamlined its school operations into two main categories namely, K-12 schools and pre-schools, to achieve consistency of branding and ensure quality assurance.

PROPERTY INVESTMENT AND OTHERS

The property investment division does not contribute significantly to the Group's revenue or profitability. Nevertheless, the performance of the division has remained stable in 2021, generating recurring income of $5.0 million in 2021, which is a marginal decrease from the $5.3 million generated in 2020. In 2021, we divested all of the Group's shophouse properties in Singapore. In December 2021, the Group entered into a sale and purchase agreement to divest all of its interest in Evervit Development Pte Ltd which main asset is CES Building (an industrial property located in Ubi Crescent in Singapore). The divestment was completed in March 2022. These divestments are in line with the Group's strategy of asset rebalancing with a view to acquiring accretive assets with higher yield by recycling of capital.

SUSTAINABILITY

As economies are starting to emerge from the COVID-19 pandemic, building back stronger and greener is crucial. Earlier this year, the Singapore government raised its ambition to achieve net-zero emissions by or around mid-century. To support this transition, the government also announced that it will progressively increase the carbon tax rates from 2024. Together with the Singapore Green Plan 2030, launched in February 2021, the new plans advance Singapore's national agenda on sustainable development. In tandem with these national plans, SGX-ST has also introduced new reporting requirements for issuers to disclose climate-related performance based on recommendations of the Taskforce on Climate-Related Financial Disclosures ("**TCFD**").

At CES, we have been taking proactive steps to prepare the Group for a low carbon future. For example, we have aligned our Sustainability Report, included in this Annual Report, with the recommendations of the TCFD, ahead of the SGX-ST's timeline for compliance. Our Sustainability Report is also prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards and the Sustainability Accounting Standards Board ("**SASB**") Standards for the Engineering & Construction Services Industry, the two globally recognised standards for sustainability reporting.

Our priority remains to address the material sustainability factors across our businesses. We have established targets for material topics and continue to report our performance against targets. We are committed to working with relevant government agencies and other stakeholders to support the decarbonisation drive to realise the net-zero ambition.

We invite you to read our Sustainability Report, included in this Annual Report, to learn more about our progress.

OUR PEOPLE AND SUCCESSION PLANNING

At the heart of every successful organisation is its people. Our people have been the rallying force behind the Group's achievements and the foundation of its existence. We continued to place their well-being and safety at the forefront of our operations, adhering to workplace, safety and health regulations of the markets in which the Group operates, and ensuring that they were able to work with peace of mind, despite the conditions which the COVID-19 pandemic has brought to bear on all of us.

We have also continued to search for new talent to spur the Group's competitiveness, relevance and dynamism amidst disruptive forces and changing economic and business landscapes.

Our Board of Directors is integral to charting the course of our organisation and we have endeavoured to secure people with the appropriate skillset, mindset and capability to serve on our Board. In April 2021, Mr Abdul Jabbar Bin Karam Din replaced Mr Ang Mong Seng as our new Lead Independent Director following Mr Ang's retirement as Director. Given Mr Abdul Jabbar's experience in serving on our Board and its committees and his familiarity with the history, business, operations and culture of the organisation, he will no doubt contribute effectively in this role.

PROMISE AND APPRECIATION

While 2022 promises to be a year of gradual recovery, we are mindful of the downside risks that remain, chief among them being the current economic uncertainty and geopolitical upheaval ensuing from Russia's invasion of Ukraine, uneven economic recovery in regional countries, ongoing supply bottlenecks and the possible emergence of new and deadlier variants of the COVID-19 virus which will derail promise of a full global recovery. As the Group does not have business dealings with, or operations in Russia, the Group's exposure with respect to the sanctions imposed against Russia in response to its invasion of Ukraine is not significant.

While being attentive to these risks and exercising caution in our capital and operational expenditure, the Group will keep on investing in innovation, digitalisation and human capital to ensure that it will be well-placed to meet and surmount any challenges ahead and be well-equipped to remain at the forefront of its businesses well into the future.

It leaves us now to extend our gratitude to those who have played an integral role in the Group's performance. We would like to express our heartful appreciation to our management and staff for another year of commitment, dedication and hard work. To our customers, suppliers and business partners, a warm thank you for your support and belief during these unprecedented times. Lastly, in appreciation to our shareholders for their continued belief in us, we are proposing a first and final dividend payment of 2 cents per share for 2021.

With the talent of our people propelling us, the expertise and guidance of our Board and the support of our stakeholders and business partners, the Group remains ready to achieve greater milestones in the year ahead.

MRS CELINE TANG
Non-Executive Chairman

MR CHIA LEE MENG RAYMOND *PBM*
Group Chief Executive Officer

Invictus International Preschool Grandeur Park, Singapore

OUR BUSINESS


Park Colonial, Singapore

PROPERTY DEVELOPMENT

CEL Development Pte. Ltd. ("**CEL**") is the holding company for the Group's property development division. CEL is responsible for evaluating and acquiring potential sites and projects for the Group's development and investment.

During the early years of inception of its property development business, the Group entered into joint ventures with foreign funds to develop private condominiums. The Group managed to raise its profile and standing through the successful completion of projects such as The Parc Condominium, CityVista Residences and Grange Infinite. The Group continued to collaborate with other established developers, among them KSH Holdings Limited and Heeton Holdings Limited, to tender for and develop large-scale residential projects, such as High Park Residences and Park Colonial.

In May 2021, the Group achieved 100% sales for its 805-unit residential development, Park Colonial. This is a joint venture project in which the Group has a 60% equity interest. Park Colonial obtained its temporary occupation permit in December 2021.

The Group's ongoing development projects in Singapore are Parc Komo at Upper Changi Road North (which will have a residential component comprising 276 units and a commercial component) and Kopar at Newton (a 378-unit condominium). Both projects have been launched for sale. As at 25 March 2022, Parc Komo has achieved sales of approximately 91.3% while Kopar at Newton has achieved sales of approximately 71.7%, based on options to purchase issued. Construction works for the two projects are expected to complete in 2023.

In 2021, the Group was successful in two enbloc tenders for properties in Singapore. In May 2021, CEL together with its joint venture partners, SingHaiyi Investments Pte. Ltd. and Chuan Investments Pte. Ltd., were the successful tenderers for the enbloc acquisition of Maxwell House at the tender price of $276.8 million. The acquisition was completed in November 2021, and the property will be redeveloped into a commercial and residential mixed-use development.

The strategic and convenient location of Maxwell House makes it a choice site for a live-work-play development. It is within the Central Business District and in the immediate vicinity of a lively dining and entertainment precinct. Furthermore, the property is at the fringe of the Tanjong Pagar planning area which is poised for rejuvenation with the upcoming planned development of the Greater Southern Waterfront precinct in the vicinity. The new development is thus expected to benefit from the spillover effects from the rejuvenation of the area. In December 2021, CEL together with another set of joint venture partners, Sing-Haiyi Crystal Pte. Ltd. and Ultra Infinity Pte. Ltd., made a successful offer for the enbloc acquisition of Peace Centre/ Peace Mansion. The acquisition is currently ongoing. It is intended that the property will be redeveloped into a mixed-use commercial and residential development after the completion of the acquisition. The property is situated in District 9 in the established Mount Sophia residential enclave and also within the Bras Basah-Bugis district. The Bras Basah-Bugis district is Singapore's arts, civic, cultural, heritage and design and education precinct. It is also close to the Ophir-Rochor Corridor – one of the growth areas identified in the Urban Redevelopment Authority's 2019 Master Plan which will be rejuvenated into a mixed-use cluster comprising offices, hotels and residences. CEL has a 40% equity interest in both projects.

In Australia, CEL and its local joint venture partner are redeveloping a mixed-use freehold project in South Perth. CEL has a 70% equity interest in the project. Launched for sale as 28 Lyall, the new development will comprise residential apartments and a commercial podium. As at 25 March 2022, 28 Lyall has achieved sales of approximately 50.9% with respect to its residential units, based on expressions of interest issued and contracts signed.

The division continues to look for development sites in Singapore and overseas which offer potential for sustainable and attractive growth for the Group.

CONSTRUCTION

The suite of capabilities of the Group's construction division now include (i) general building and civil engineering works for public and private residential projects, (ii) production of precast and prefabricated prefinished volumetric construction building components, (iii) civil, industrial and utilities infrastructure projects, (iv) water and environmental engineering projects, and (v) modular building construction (3D printing technology).

BUILDING CONSTRUCTION

The Group conducts its general building and civil engineering businesses through two wholly-owned subsidiaries, Chip Eng Seng Contractors (1988) Pte Ltd ("**CESC**") and CES Engineering and Construction Pte. Ltd. ("**CESE**"). Both CESC and CESE are engaged in building construction activities in the public sector (mainly for public housing projects) and private projects such as condominiums, executive condominiums as well as industrial and commercial projects.

As testament to their established track records, both CESC and CESE have been consistently awarded A1 classification by the Building and Construction Authority ("**BCA**"), being BCA's highest classification tier for general building contractors. Such classification tier allows CESC and CESE to tender for public sector projects with an unlimited contract value. CESC and CESE have also been awarded A2 and B2 gradings respectively as civil engineering contractors, which allow them to bid for public sector civil engineering projects with values of up to $95 million and $15 million respectively.

As at 25 March 2022, the Group has been awarded public housing projects from the Housing and Development Board ("**HDB**") worth over $4.1 billion since CES was listed on the Main Board of the SGX-ST. In April 2021, CESC was awarded a $244.8 million contract by the HDB for building construction to be undertaken at Pasir Ris Neighbourhood 5. In September 2021, CESE was appointed by the HDB as the replacement contractor for the remaining building construction to be undertaken for the Build-To-Order housing project at Marsiling Grove in Woodlands. Other ongoing major building construction projects that the Group is undertaking include HDB's housing projects in Toa Payoh Bidadari, Sengkang Neighbourhood 4 and Tampines Neighbourhood 8 as well as HDB's upgrading projects in Serangoon Avenue 1, Lengkong Tiga and Ubi Avenue 1.

PRECAST TECHNOLOGY

Since 2006, the Group has carried out its precast concrete works and prefabricated prefinished volumetric construction ("**PPVC**") businesses through its wholly-owned subsidiary, CES-Precast Pte. Ltd. ("**CESP**"). CESP is currently registered with the BCA under the registration head, CR10B "Precast Concrete Works" and Financial Category L6, and is thus qualified to bid for public sector prefabrication contracts of unlimited tender sums. In October 2020, CESP also qualified as an Approved Materials Supplier for HDB projects.

CESP produces its precast and PPVC components from two locations, a precast plant in Senai, Johor Bahru, Malaysia and a more recently acquired industrial facility in Tech Park Crescent, Singapore. The facility at Tech Park Crescent has boosted CESP's overall capacity to meet the growing demand for precast and PPVC components. CESP supplies such components to the Group's other construction divisions as well as to other main contractors of residential, commercial and industrial buildings as well as building and infrastructure projects by other main contractors. The increased production capability has also enhanced CESP's ability to tender for a greater volume of larger scale public sector projects.

CESP's ongoing major projects include the supply of pre-cast concrete components for the construction of a bus and rail depot and reception tunnels for the Thomson-East Coast Line and supply of pre-cast concrete components and prefabricated bathroom units for HDB's public housing projects in Sengkang Neighbourhood 4, Tampines Neighbourhood 8 and Punggol East.

OUR BUSINESS

INFRASTRUCTURE AND CIVIL ENGINEERING

The Group's infrastructure and civil engineering projects are carried out by its wholly-owned subsidiary, CES_SDC Pte. Ltd. ("**CES_SDC**"). CES_SDC is a design and building construction service provider specialising in civil, industrial and utilities infrastructure projects. As CES_SDC is classified by the BCA as an A1 general building (CW01) and civil engineering (CW02) contracting firm, it is qualified to tender for public sector contracts with unlimited tender sums.

CES_SDC was acquired by the Group in December 2019 with a view to extending the footprint of the Group's construction business beyond public and private housing projects. CES_SDC's differentiating building and construction capabilities and track record enhances the ability of the Group to participate in tenders for a broader range of projects, such as civil engineering and building infrastructure projects, and provide the Group's existing construction business with a good opportunity for horizontal integration in the construction sector.

CES_SDC's current projects include the ongoing development of Changi East to effect 3-runway operations at Singapore Changi Airport Package 2, the building of the MRT Thomson Line tunnels and Marina South Station, the erection of foundations, earth retaining structures, soil stabilisation and bulk excavation for Changi Water Reclamation Plant (Phase 2), design and construction of Gek Poh Station, Tawas Station, and associated viaduct for the Jurong Region Line, and building of biosolids treatment and biogas handling facilities for the Tuas Water Reclamation Plant.

WATER AND ENVIRONMENTAL ENGINEERING

The Group's water and environmental engineering projects are carried out by its wholly-owned subsidiary, CES_Salcon Pte. Ltd. ("**CES_Salcon**"). The Group acquired CES_Salcon in December 2020 to further extend the range of its infrastructure and civil engineering capabilities.

CES_Salcon is a fully integrated engineering, procurement, construction and maintenance contractor. Its capabilities include the design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. CES_Salcon's particular domain expertise is on seawater desalination, ion exchange and wastewater recycling, including zero liquid discharge systems. CES_Salcon is registered with the BCA under the L6 mechanical engineering (ME11) workhead and is thus qualified to tender for public sector contracts in Singapore with unlimited tender sums.

CES_Salcon has a track record of providing water and wastewater treatment technologies to various

Tampines Neighbourhood 8 Contract 31, Singapore projects globally. Projects to its credit include the Al Wathba Enhanced Treated Sewage Effluent Treatment Plant in the United Arab Emirates, Asia Symbol Pulp & Paper Mill in the PRC, and the Bedok NEWater Factory (Phase II) and Senoko Power Station in Singapore. As at 25 March 2022, the bulk of CES_Salcon's projects are in countries such as Bangladesh, Indonesia and Vietnam.

MODULAR BUILDING CONSTRUCTION (3D PRINTING TECHNOLOGY)

The Group aims to transform its construction businesses through innovation and technology, which will in turn increase efficiency and productivity, thereby also enhancing its competitive edge.

To this end, the Group is harnessing 3D printing technology to deliver new solutions in the competitive construction division and to access the growing demand for new construction projects. The provision of 3D printing technology services is carried out by the Group's wholly-owned subsidiary, CES_INNOVFAB Pte. Ltd.

3D printing technology is a dynamic construction method as it allows more complex components to be designed and fabricated without the need for the more traditional methods or tools. 3D printing technology relies heavily on machines for the production of the components, which facilitates quality control. At the same time, there is reduced reliance on manual labour as well as reduced health and safety risks. Other advantages include the reduction of wastage and the control of construction noise. As 3D printing technology can be closely interfaced with conventional and precast construction methods, it is complementary to the Group's suite of construction capabilities. Going forward, 3D printing technology will be a more efficient construction method. In addition, utilising 3D printing technology will also allow the Group to hedge its risks associated with manpower shortages in the construction industry, which constraints have been exacerbated by the ongoing COVID-19 pandemic.

Tampines Neighbourhood 8 Contract 31, Singapore

HOSPITALITY

The Group's current hospitality portfolio comprises one hotel in Singapore, one resort in the Maldives and two hotels in Australia. Its hospitality properties currently under development are the proposed new hotel in Adelaide, Australia and a new 5-star resort in the Maldives.

The Group's hotel in Singapore is its first hospitality asset. The hotel, currently trading as Park Hotel Alexandra, is a four-star hotel that features 442 rooms fully fitted with an array of modern amenities. For the most of 2021 and up to February 2022, the hotel was operating as an isolation purpose facility for persons who have to be isolated or quarantined. As announced by the Group on 25 February 2022, the Group has served a termination notice on the current operator of the hotel. After the expiry of the six-month termination notice period, the hotel will be temporarily closed for refurbishment. A new operator will be appointed to manage the hotel under a new brand. The Group expects that the hotel will reopen for business under the new brand around the first quarter of 2023.

The Group's existing resort in the Maldives, Grand Park Kodhipparu, is owned via a joint venture with the Park Hotel group. The Group has a 70% equity interest in the joint venture. The resort welcomed its first guests in 2017. It comprises 120 villas, of which 65 of such villas come with individual private pools. The resort has a large infinity pool overlooking the ocean, three dining outlets, a spa, a fully-equipped water sports and dive centre, a recreation beach club and a kids club. In 2021, the resort benefitted from the resumption of visitor arrivals from Europe, the Middle East and South Asia. In view of the success of the Grand Park Kodhipparu, the Group further extended its hospitality footprint in the Maldives in 2019 by entering into a joint venture with an affiliate of Amin Construction Pvt. Ltd. to jointly acquire a lagoon in North Malé Atoll (otherwise known as Samarafushi Lagoon). The Group has a 70% equity interest in the joint venture. The lagoon will be developed into a 5-star resort and a hotel operator will be appointed to manage the resort. Amin Construction Pvt. Ltd. is an established homegrown construction firm in the Maldives and was the main developer and contractor for the Grand Park Kodhipparu.

The Group acquired its two hotels in Australia, The Sebel Mandurah and the Grosvenor Hotel Adelaide in November 2017 and March 2018 respectively. The Sebel Mandurah is a 4.5-star hotel with 84 rooms, business and conference facilities, a swimming pool, a gymnasium and a barbeque area. The Grosvenor Hotel Adelaide was previously branded as Mercure and Ibis Styles. As part of the Group's cost containment measures in 2020 and 2021 to mitigate the effects of the COVID-19 pandemic, the Group closed a small section of the hotel comprising 65 rooms in 2020 and de-branded the hotel in 2021.

OUR BUSINESS

The Grosvenor Hotel Adelaide currently operates as an economy hotel with 181 guest rooms and car park facilities. The Sebel Mandurah and the Grosvenor Hotel Adelaide are managed by the internationally-renowned French hotel group AccorHotels and are strategically located in the key Australian cities of Perth and Adelaide respectively. In 2021, both hotels in Australia benefitted from the uptick in domestic travel within Australia. The Group has another hospitality asset in the pipeline in Australia. In 2018, the Group acquired a site in Adelaide's Central Business District, which will be redeveloped into a new hotel. The central location of the hotel will afford guests easy access to major corporate and government offices as well as shopping and dining venues.

Notwithstanding the rising vaccination rates in major economies and easing of border controls, the hospitality industry is still adversely affected by the disruptions to international travel brought about by the ongoing COVID-19 pandemic. In line with the Group's adherence to its prudent financial management strategy of preserving its cashflow, the Group is deferring commencement of construction of its new hotel development projects in Adelaide, South Australia and in the Maldives until construction costs have stabilised and the Group is able to ascertain its capital expenditure with greater certainty. The targeted timelines for commencement of operations of the new hotel and resort are expected to coincide with the period when international travel and tourism are projected to return to normalcy.

The Group has been exploring opportunities to broaden its hospitality business portfolio by acquiring hospitality assets as well as by building up its capability to provide management services to hotels and serviced residences. In January 2022, the Group's hospitality division entered into a joint venture with Ariva Hospitality Pte. Ltd., to primarily undertake the provision of management services to hotel and serviced residences and in connection therewith, the provision of technical consultancy and advisory services to the owners of such hotels and serviced residences, marketing services for such hotels and serviced residences and training for staff who are hired to manage the day to day operations of such hotels and serviced residences. The Group has a 70% equity interest in the joint venture. The provision of management services to hotels and serviced residences will be a complementary extension of the Group's hospitality business. It is an asset-light strategy which will broaden the income stream and increase recurring income for the Group.

EDUCATION

Since the inception of the Group's education business in 2018, the Group has grown this division exponentially, in terms of the types of schools and education centres, its pedagogy as well as geographical coverage. The education division is still actively growing, both organically as well as through acquisitions, investments and other forms of collaboration. Broadly, the division's education activities can currently be categorized into (i) pre-schools (including enrichment centres for pre-schoolers), (ii) international schools, and (iii) education technology.

PRE-SCHOOLS

As at 25 March 2022, the Group owns and operates 13 pre-school centres under a variety of its proprietary brands: Invictus International Preschool, Primus Schoolhouse by Invictus, White Lodge and Swallows and Amazons. As part of the division's efforts to streamline its brands to achieve brand consistency, the Group has rebranded most of its White Lodge pre-school centres to Primus Schoolhouse by Invictus and Invictus International Preschool. The pre-school centres owned by the Group are predominantly located in Singapore. There are two centres located in Kuala Lumpur, Malaysia and one other centre located in the Hong Kong Special Administrative Region. In addition, pursuant to a school management and licensing business model, the Group is operating an Invictus-branded pre-school centre in Shenzhen, PRC.

The Group currently owns and operates one enrichment centre in Singapore, known as Penn Junior Academy, which caters to pre-schoolers. In the first quarter of 2022, the Group has closed down its two William Penn Academy enrichment centres in Shanghai after assessing that there is no long-term viability as it will be challenging to further expand the network of these enrichment centres across the PRC.

INTERNATIONAL SCHOOLS

The Group, through its wholly-owned subsidiary, Invictus International School Pte. Ltd. ("**Invictus International**") currently has six Invictus-branded international schools in operation, spanning across Singapore, the Hong Kong Special Administrative Region, Phnom Penh (Cambodia) and Pathum Thani province (Thailand). The schools offer primary to secondary and high school education. When the Group initially invested in Invictus International in 2019, Invictus International's main business was its international primary school located in Dempsey Hill, Singapore.

Invictus International has a 100% equity interest in all of the Invictus-branded K-12 international schools, save for the one in Pathum Thani province (Thailand). In August 2021,

Invictus International Preshool Toa Payoh, Singapore

Invictus International entered into a collaboration agreement with Sathitpathum Demonstration School ("**SPS**") pursuant to which SPS offers the international curriculum programme developed by Invictus International to its students. The Invictus International Programme Department set up within SPS will manage and operate the programme.

There is another Invictus-branded K-12 international school in the pipeline. In April 2021, the Group entered into a build-to-suit collaboration with Horizon Hills Development Sdn Bhd ("**HHDSB**") and Nusajaya Greens Sdn Bhd. Pursuant to such collaboration, HHDSB will develop a K-12 international school campus within its development known as Horizon Hills in Iskandar Puteri, Johor Bahru. The costs of developing and constructing the school is borne by HHDSB. The school will be situated on premises with an aggregate gross floor area of up to approximately 203,875 square feet, to be constructed over three phases. HHDSB has granted options to the Group to require HHDSB to construct additional buildings and facilities for the second and third phase of the premises of the school. The school will have a targeted capacity of up to 1,500 students. The Group will lease the premises for an initial fixed term of 15 years on delivery of vacant possession of the first phase of the premises. The target date of delivery of such vacant possession is by 30 September 2022. The collaboration presented the Group with a viable opportunity to develop and operate a school in an upcoming integrated township, whereby the school can tap on the surrounding high-end residential developments for its student enrolment. It is also a strategic opportunity for the Group to extend the footprint of its "Invictus" brand into Malaysia.

The Group also owns two other international schools which it is operating pursuant to collaborations with other parties. The Perse School Singapore was established through the Group's collaboration with The Perse School Cambridge International Limited to set up an elementary school in Singapore, the ethos of which will reflect that of The Perse School in the United Kingdom. The Perse School Singapore commenced operations in Upper Bukit Timah in January 2020, catering to students aged 5 to 12. The collaboration may be extended to include a secondary school and the Group is actively looking for a suitable site to house the secondary school. The Perse School in the United Kingdom is well-known for producing students with excellent academic results while its emphasis on quality education both inside and outside the classroom and providing a nurturing pastoral care environment resonates with the Group's vision for The Perse School Singapore. In December 2019, the Group acquired an international school in Johor Bahru, Malaysia. The Group subsequently entered into a collaboration with Repton International Schools Ltd to rebrand the school as Repton Malaysia, a premium international school. Repton Malaysia commenced operations in September 2020 and is a full-fledged K-12 international school.

OUR BUSINESS

EDUCATION TECHNOLOGY

The Group sees the emergence of a new growth area relating to online education, precipitated by the widespread closure of schools and tuition and enrichment centres in 2020 to contain the spread of the COVID-19 outbreak. The Group intends to continue capitalising on this emerging area by creating new platforms which offer blended education programmes comprising a mix of online and onsite learning.

The Group has been developing its proprietary Invictus Global Schoolhouse programme (the "**IGSH Programme**"). This is a 3-year smart school programme that uses blended learning to prepare students from non-English speaking countries for the Cambridge International A-level examinations. It comprises both online learning and onsite learning. The IGSH Programme includes an online learning component that comprises self-directed learning and face-to-face teacher facilitated learning in academic subjects as well as onsite learning that include science practical sessions and enrichment activities such as design thinking and values education. The IGSH Programme is still in development stage. Since January 2022, the topic modules developed for the IGSH Programme are being piloted in the Invictus campus at Centrium Square, Singapore, while the launch of the fully developed IGSH Programme is expected to take place in the second half of 2022. The IGSH Programme can be deployed in the schools owned and operated by the Group and can also be licensed to third party education-related organisations which wish to adopt the programme as part of their curriculum. In the case of the latter, the Group will charge management and/or licensing fees for the use of the programme. As the IGSH Programme leverages on technologies extensively, it offers both greater flexibility in business model and better scalability in expansion of business.

The Group also has minority interests in Amdon Consulting Pte. Ltd. ("**Amdon**") and Guangzhou Yuanda Information Development Co., Ltd. ("**Yuanda**"). The Group has invested in Amdon since November 2019 and currently holds approximately 42.7% of the issued share capital in Amdon. Amdon, together with its subsidiaries (the "**Amdon Group**"), is a provider of interactive content and inquiry-based pedagogical resources, especially in the fields of science and technology. The Amdon Group focuses on the development of inquiry-based STEM (Science-Technology-Engineering-Mathematics) educational programmes, and is building scalable digital technologies and a proprietary platform with artificial-intelligence capabilities to deliver personalised learning to students internationally. The Group has invested in Yuanda since April 2019 and currently has an interest of approximately 34.97% in Yuanda, through a variable interest entity (VIE) arrangement. Yuanda's key business divisions are the provision of

Sengkang Neighbourhood 4 Contract 39 & Contract 40, Singapore

Toa Payoh Bidadari Contract 6 & Contract 7, Singapore

an online platform for primary school mathematics and online and onsite tuition. The latter is affected by the regulatory measures rolled out in the PRC targeting the tuition industry. In particular, all businesses in the PRC offering tutoring on core school subjects will have to be registered as non-profit organisations. Yuanda has since confined the use of its online platform to subscriptions from primary schools (as opposed to individual students) and has also expanded its offerings for subscription by schools. Such offerings include curriculum to support the after-school programmes offered by schools as well as professional development programmes for school teachers who teach primary school mathematics.

PROPERTY INVESTMENT

The Group's property investment division currently comprises mainly commercial properties in Singapore, Australia and New Zealand. The properties mainly include a leasehold 12-storey office building along Chin Swee Road in Singapore where the Group's corporate office is currently situated, a leasehold commercial property comprising two commercial towers located at 205 Queen Street, Auckland, New Zealand and freehold commercial properties in Adelaide, South Australia, located at 72, 74-78 and 80-82 Hindley Street.

The Group continually sources for opportunities to expand its property investment portfolio or to undertake divestments for capital recycling purposes, to ensure that the Group's property investment portfolio is aligned with its business plans. The Group reviews its property investment portfolio from time to time to assess which of its assets should be divested as a result of them having become non-strategic or non-core over time.

In 2021, in line with its asset management strategy, the Group capitalised on the significant pick-up in interest and transaction prices for shophouses in Singapore and divested all its shophouse properties in Singapore for $32.8 million in total. In March 2022, the Group also completed the disposal of its industrial building in Singapore. The properties were sold at prices above their respective valuations assessed as at 31 December 2020 by independent valuers appointed by the Group.

Also in 2021, the Group acquired a commercial property located at 80-82 Hindley Street in Adelaide, Australia. Prior to such acquisition, the Group already owns the commercial properties located at 72 and 74-78 Hindley Street. These properties are adjoining the Grosvenor Hotel Adelaide which is also owned by the Group. The site on which the hotel and these properties are situated is centrally located within the Capital City Zone in the central business district of Adelaide. The Group had acquired the hotel and these properties as the zone allows for flexibility in potential redevelopment opportunities to stimulate activities and vibrancy within the central business district. While the Group considers its redevelopment plans for the area, in the meantime, the properties held by the Group in the area presents opportunities for the Group to have increased frontage along Hindley Street, which will allow it to better manage the tenant mix along that street.

OTHERS

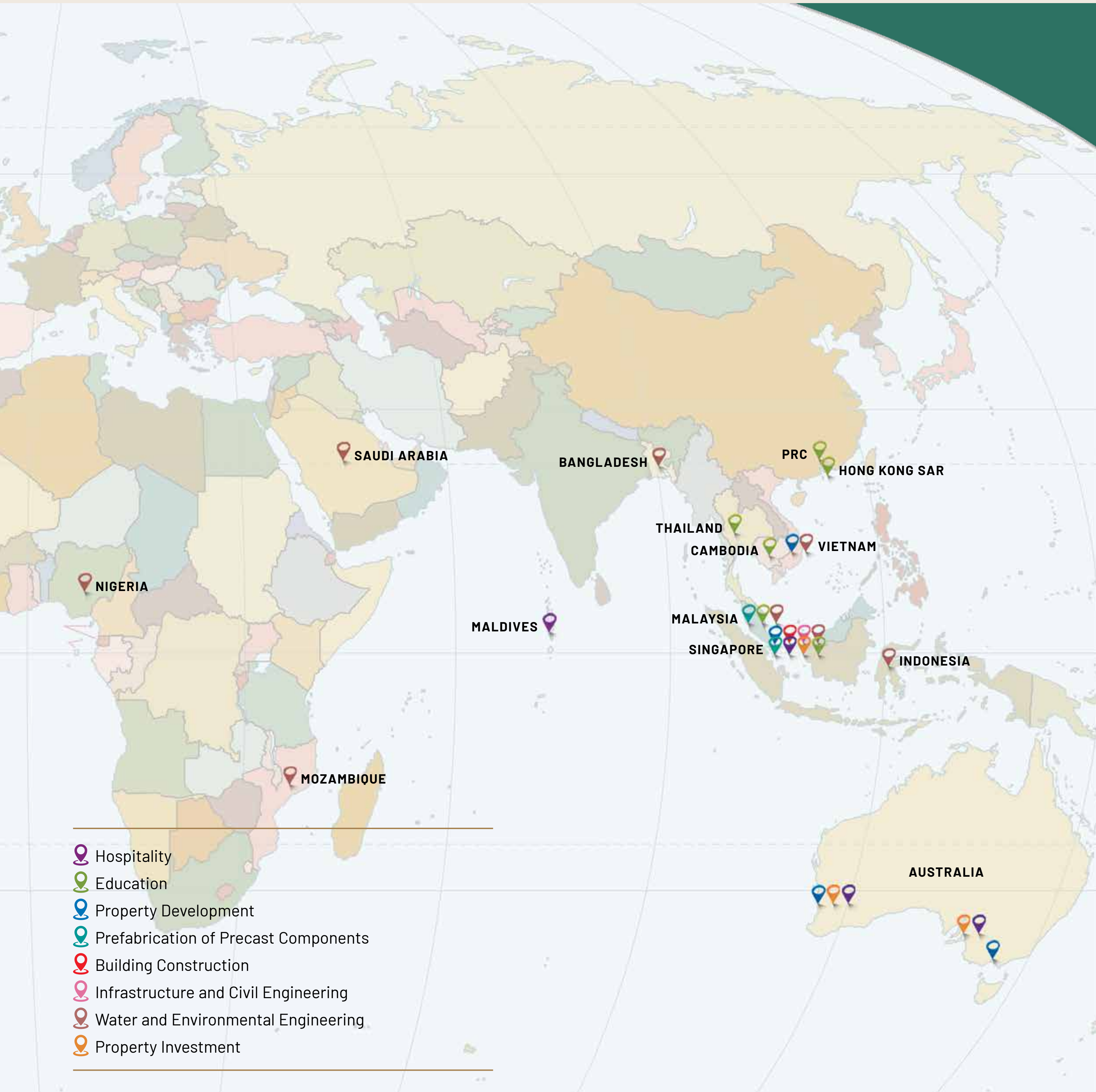
PROCUREMENT OF CONSTRUCTION-RELATED SUPPLIES AND MATERIALS

In April 2021, the Group entered into a joint venture, the primary business of which is to provide procurement services relating to construction-related supplies and materials, and related services. The Group has a 55% equity interest in the joint venture company while Inception Materials Pte. Ltd. ("**Inception Materials**") holds the remaining 45%.

In recent years, the Group has been expanding the capabilities of its construction division so that it can participate in a broader range of competitive construction tender projects and which are of larger scale and/or higher value. The procurement of supplies and materials is part and parcel of construction projects and setting up a procurement business unit is complementary to the Group's construction activities.

Mr Ye Chengzhong, being the sole shareholder of Inception Materials, has broad experience, sales networks and contacts in the PRC for the procurement of construction-related supplies and materials. The Group is thus able to leverage on Mr Ye's business networks, resources and familiarity with the procurement business (particularly in the PRC) to procure construction-related supplies and materials within efficient timeframes and at competitive prices and quality. This will result in cost savings within the Group whilst also maximising existing revenue streams.

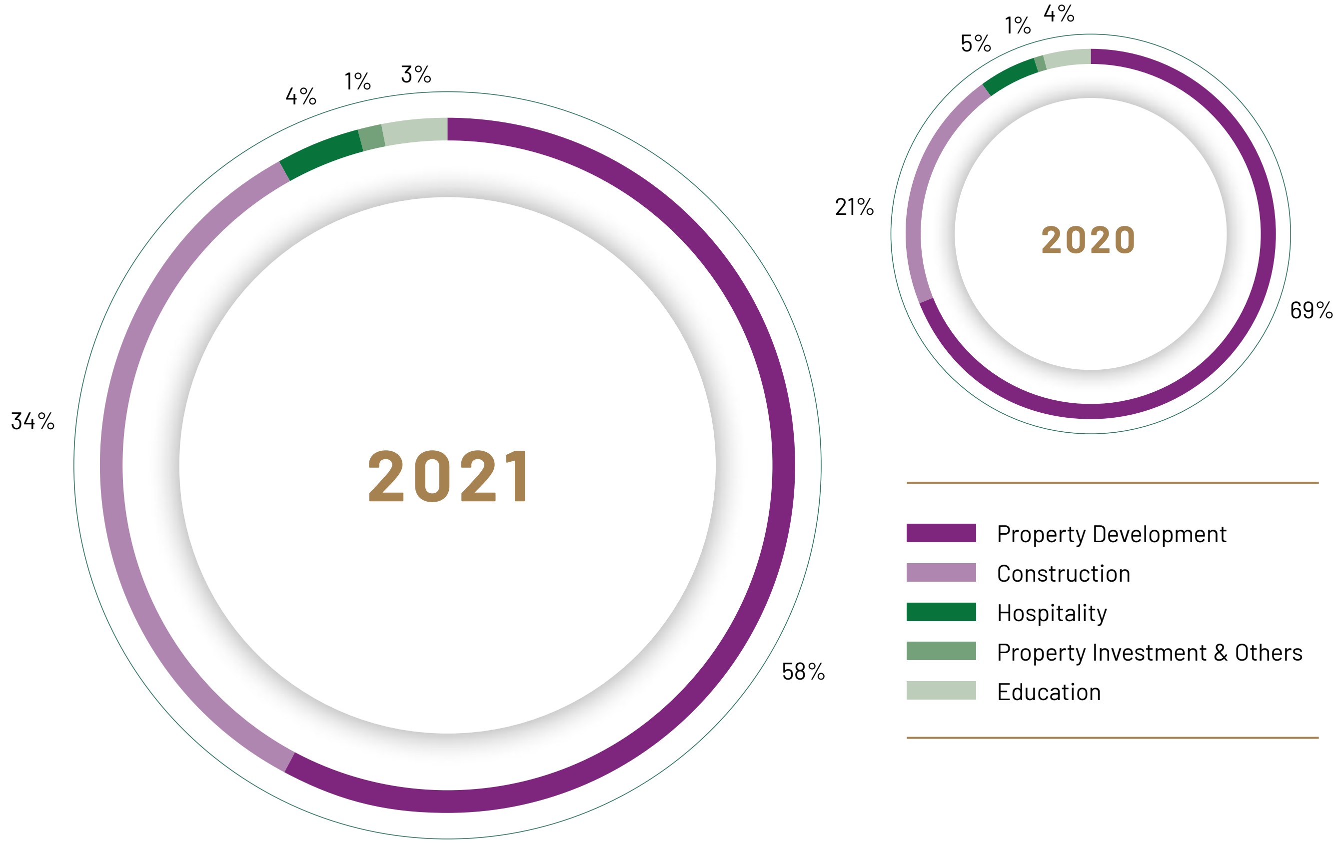
GEOGRAPHICAL REACH



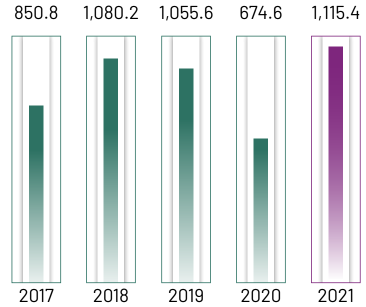

NEW ZEALAND
SINGAPORE
MALAYSIA
PRC
MALDIVES
HONG KONG SAR
NIGERIA
BANGLADESH
INDONESIA
MOZAMBIQUE
SAUDI ARABIA
VIETNAM
NEW ZEALAND
AUSTRALIA
CAMBODIA
THAILAND

FINANCIAL HIGHLIGHTS

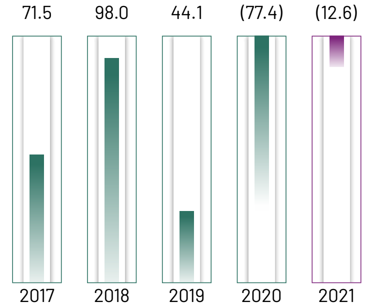
REVENUE BY BUSINESS SEGMENT



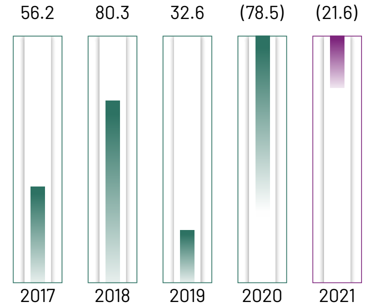
TURNOVER ($ MILLION)



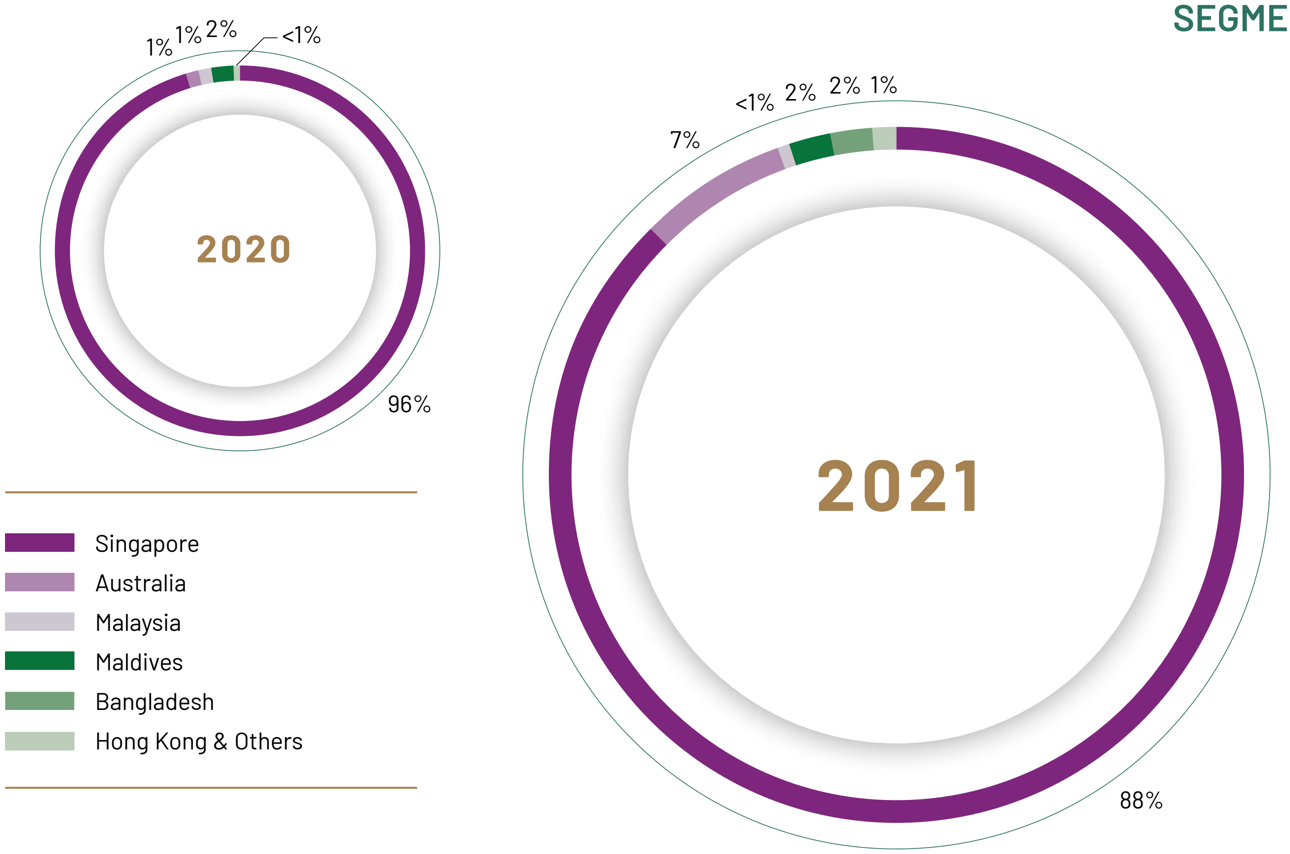
(LOSS)/PROFIT BEFORE TAX ($ MILLION)



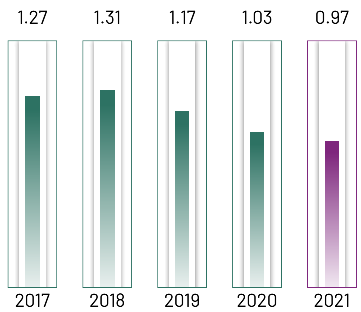
(LOSS)/PROFIT AFTER TAX ($ MILLION)



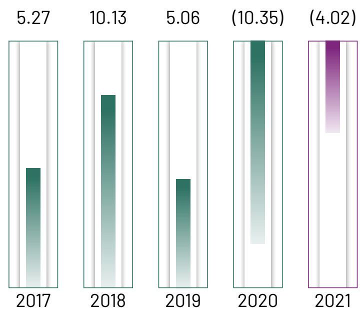
REVENUE BY GEOGRAPHICAL SEGMENT



NET ASSET VALUE PER SHARE ($)



(LOSS)/EARNINGS PER SHARE (CENTS)



DIVIDEND PER SHARE (CENTS)

FINANCIAL REVIEW

Parc Komo, Singapore

REVENUE GROWTH ACROSS ALL BUSINESS DIVISIONS

The Group's five core business divisions recorded revenue growth in 2021. The construction division registered the highest increase in revenue, due to the low base effect in 2020 during which construction activities were adversely affected by lengthy work stoppages and in particular when work at construction sites came to a standstill during the Circuit Breaker period. Overall, the Group's revenue grew by 65.3%, from $674.6 million in 2020 to $1.1 billion in 2021. In tandem with the higher revenue and taking into account lower one-off non-productive COVID 19-related costs, the Group registered a higher than proportionate increase in gross profit. Gross profit increased by 113.4% to $139.2 million in 2021, compared with $65.2 million in 2020.

Compared to the increased income from other sources in 2020, the Group sustained a net loss of $5.3 million with respect to its other sources of income in 2021. This was mainly due to impairment loss on investments in joint ventures, partially offset by lower fair value loss on investment properties.

On the whole, the Group recorded a lower loss before tax of $12.6 million in 2021, compared with a loss before tax of $77.4 million in 2020.

After factoring tax expense on the Group's profitable entities, the Group's loss after tax stood at $21.6 million in 2021, compared with a loss after tax of $78.5 million in 2020.

With respect to segmental revenue, the revenue of the Group's property development division increased by 39.6% from $464.2 million in 2020 to $648.1 million in 2021. The increase was mainly attributable to the sale of the development site at Gladstone Street in South Melbourne and higher contribution from the division's development projects in Singapore, Park Colonial, Kopar at Newton and Parc Komo. The increase was partially offset by lower progressive revenue recognition from the division's residential development project, Grandeur Park Residences, which was completed in 2020 and fully sold in first quarter of 2021.

The revenue of the Group's construction division increased by 162.5%, from $144.6 million in 2020 to $379.5 million in 2021. The steep rebound was largely due to the low base in 2020 when the division was adversely affected by work stoppages because of the COVID-19 pandemic. New construction projects secured by the Group in 2021 as well as revenue contribution from CES_Salcon Pte. Ltd. which the Group acquired in December 2020 also contributed to the increased revenue in 2021.

The revenue of the Group's hospitality division increased by 33.0%, from $34.6

million in 2020 to $46.1 million in 2021. The increase was mainly attributable to higher contribution from the hotels owned by the Group, save for Park Hotel Alexandra in Singapore which suffered from low occupancy in the first few months of the year before it was leased as an isolation facility.

The revenue of the Group's education division increased by 41.5%, from $25.9 million in 2020 to $36.7 million in 2021. The increase was driven mainly by higher contribution from the Group's Invictus brand of international schools, The Perse School Singapore, and Primus Schoolhouse pre-school centres.

Revenue contribution from the Group's investment properties in Singapore and Australia remained relatively stable in 2021.

OPERATING EXPENSES

The Group's operating expenses in 2021 fell by 2.9%, from $143.0 million in 2020 to $138.8 million in 2021. Marketing and finance costs eased by 40.6% and 22.1% respectively, offset by higher administrative expenses which rose by 9.0%. The Group's marketing and distribution expenses in 2021 decreased mainly due to lower marketing expenses incurred for the Group's residential development project, Kopar at Newton which launched for sale in 2020, while the decrease in finance costs in 2021 was in line with lower borrowings and interest rates. The higher administrative expenses were attributable to higher payroll, depreciation and amortisation expenses.

BALANCE SHEET REVIEW

INVESTMENT PROPERTIES

The total value of the Group's investment properties as at 31 December 2021 stood at $193.4 million, a drop from $296.8 million as at 31 December 2020. This was on account of the reclassification of certain units in an investment property to "Property, Plant and Equipment", the disposal of the Group's shophouses in Singapore, transfer of the industrial property in Singapore known as CES Building to "Assets Held for Sale" and net fair value loss on investment properties.

DEVELOPMENT PROPERTIES

The Group's development properties were valued at $648.3 million as at 31 December 2021, a decrease from $1.09 billion as at 31 December 2020. The decrease in value was mainly due to the progressive recognition of development costs for units sold in the Group's development projects in Singapore and the disposal of the development site located at Gladstone Street in South Melbourne, Australia.

PROPERTY, PLANT AND EQUIPMENT

The total value of the Group's property, plant and equipment as at 31 December 2021 was $551.6 million, compared to $535.7 million as at 31 December 2020. The increase in value was mainly due to a reclassification of $40.4 million from investment property following the redesignation of certain units in an investment property for own use, additions to right-of-use assets, construction equipment and renovations carried out in 2021. The increase was partially offset by depreciation in 2021.


Sengkang Neighbourhood 4 Contract 39 & Contract 40, Singapore

TRADE AND OTHER RECEIVABLES

Current trade and other receivables stood at $641.4 million as at 31 December 2021, compared with $419.2 million as at 31 December 2020. The increase was mainly due to progress billings to be received from purchasers of the units in the Park Colonial residential development project following receipt of its Temporary Occupation Permit in December 2021. The increase was partially offset by receipts from purchasers of the units in the Grandeur Park Residences residential development project in 2021.

BORROWINGS

Total current and non-current loans and borrowings stood at $1.5 billion as at 31 December 2021, lower than the $1.8 billion recorded as at 31 December 2020. The decrease was mainly due to repayment of bank borrowings for development projects and redemption of $13.0 million term notes upon maturity. The decrease was partially offset by the issuance of new $48.8 million term notes and drawdowns of new working capital loans.

NET CURRENT ASSETS

Net current assets decreased by $760.5 million, from $1.75 billion as at 31 December 2020 to $989.2 million as at 31 December 2021. The drop was mainly due to the reclassification of borrowings from non-current to current liabilities, partially offset by the repayment of borrowings largely financed by the sale proceeds from the disposal of the development site located at Gladstone Street in South Melbourne, as well as from the progressive recognition of development costs for units sold in the Group's development projects in Singapore.

SHAREHOLDERS' EQUITY

Total shareholders' equity dipped from $817.3 million as at 31 December 2020 to $780.0 million as at 31 December 2021, after accounting for the net loss after tax of $21.6 million recorded in 2021 and the amount of $15.7 million which constituted the aggregate dividend payments made in 2021 (in respect of dividends declared for 2020). As a result of lower outstanding borrowings, the Group's net-debt-to-equity ratio correspondingly decreased from 1.74 as at 31 December 2020 to 1.22 as at 31 December 2021.

OPERATIONS REVIEW

Pasir Ris Neighbourhood 5 Contract 26 & Contract 27, Singapore

PROPERTY DEVELOPMENT

Revenue from the Group's property development division increased from $464.2 million in 2020 to $648.1 million in 2021. The increase was mainly attributable to the sale of the development site at Gladstone Street, South Melbourne and higher contributions from on-going projects on the back of better sales and progress on site.

SINGAPORE

Based on year-end statistics released by the Urban Redevelopment Authority, prices of private residential properties increased by 5.0% in the fourth quarter of 2021, compared with the 1.1% increase in the preceding quarter. For the whole of 2021, the price indices with a hike of 10.6% was the highest recorded growth rate since 2010. As at the end of the fourth quarter of 2021, there were 46,276 uncompleted private residential units (excluding executive condominiums) in the pipeline with planning approvals granted. This is down from the 47,715 units in the third quarter of 2021. Of these, 14,154 units remained unsold as at the end of the fourth quarter of 2021, compared to 17,140 unsold units in the third quarter of 2021, indicating a fall in supply and stock of private residential units.

The Group's residential projects have been well received by the market. As of 25 March 2022, options to purchase issued for Parc Komo was 91.3% of total units for sale, while those for Kopar at Newton, stood at 71.7%. The Group's Park Colonial residential project has been fully sold in 2021 and has also obtained its temporary occupation permit in December 2021. Despite the stellar performance of the residential property market in 2021, sales of new private homes are expected to ease in 2022 in the face of the latest property cooling measures introduced in December 2021 and the limited pipeline of launches. Nevertheless, the Group remains confident of the take up rate of its residential projects which have been launched for sale, Kopar at Newton and Parc Komo. In particular, Kopar at Newton's attractive pricing vis-à-vis comparable developments in the vicinity and its proximity to three popular primary schools in the area have proven to be compelling selling points.

In 2021, the Group, with its joint venture partners, successfully acquired the property known as Maxwell House which will be redeveloped into a mixed-use development. The new project will be ready for sales launch in the fourth quarter of 2022. The Group, with its joint venture partners, was also successful in its offer for the enbloc acquisition of Peace Centre/Peace Mansion and is in the process of completing the acquisition. Peace Centre/Peace Mansion will similarly be redeveloped into a mixed-use development. Both sites are located within the Central Area which will attract buyers who are seeking live-work-play developments within prime and convenient locations. Furthermore, the latter development is slated to have a larger commercial component which will help to diversify the Group's portfolio risks.

Economic uncertainty, the impact of the recent property cooling measures, rising interest rates and inflation are the key concerns in 2022. Nevertheless, the interest rate for housing loans is generally pegged to the Singapore Overnight Rate Average (SORA) which tends to be of a low base. The Group is cautiously optimistic that any rise in interest rates and inflation will not significantly impact the affordability of its units.

The Group will continue to remain prudent in bids for acquisition of land plots and development projects. The Group will also take steps to mitigate the anticipated risks and continue to work with its agents closely to market its projects responsibly, being mindful of buyers' needs and their ability to service the housing loan.

AUSTRALIA

Data released by Australia's property data research provider, CoreLogic, indicate strong growth of 22.1% in home prices in 2021, compared with 6.6% in 2020. In line with the market, sales for the residential units at 28 Lyall (the Group's mixed-use development project in South Perth, Western Australia) based on expressions of interest issued and contracts signed as at 25 March 2022 was 50.9%.

As Australia remains one of the Group's key markets, the Group will continue to look for attractively priced real estate assets in Australia.

CONSTRUCTION

The Group's construction order book stood at approximately $1.36 billion as at 31 December 2021, an increase from approximately $1.31 billion as at 31 December 2020.

Based on statistics released by the Ministry of Trade and Industry, the sector grew by 20.1% in 2021, a sharp reversal from the 38.4% contraction in 2020. Total construction demand for the full year rose by 42.2% to $29.9 billion, driven by public residential and infrastructural projects as well as private commercial, industrial and residential projects.[1]

The Group's construction business performed significantly better in 2021, compared with 2020 when operations were severely impacted by the COVID-19 pandemic which led to lengthy work


Woodlands Neighbourhood 1 Contract 25, Singapore

stoppages. Key projects completed by the Group in 2021 include the HDB's Toa Payoh Bidadari Contract 6 and Contract 7 project, HDB's G27A upgrading project at Yishun Ring Road and Yishun Street 61 and the Public Utilities Board Contract C22A (Changi Water Reclamation Plant Phase 2 – Foundation Works for Train 5). The Group has completed a significant portion of the works for the LTA Contract T227 (construction of Marina South Station and tunnels for Thomson-East Coast Line) and is on track to handover this project by its scheduled completion date in 2022.

The Group secured key public sector projects in 2021, namely HDB's building construction project at Pasir Ris Neighbourhood 5 Contract 26 & 27 and the remaining building construction for HDB's Build-To-Order housing project at Marsiling Grove in Woodlands, for which the Group is appointed as the replacement main contractor.

The aggregate contract sum of all construction projects awarded to the Group in 2021 amounted to approximately $427.1 million.

Going forward, the Group aims to transform its construction business through innovation and technology, which will in turn increase efficiency, productivity and its competitiveness while simultaneously reducing reliance on manpower. To address supply constraints, the Group will widen its base of suppliers.

The Group will further focus on the use of 3D printing technology in its processes. The Group is harnessing 3D printing technology to deliver new solutions and to access the growing demand for new construction projects. The provision of 3D printing technology services is undertaken by the Group's wholly-owned subsidiary, CES_INNOVFAB Pte. Ltd. Apart from allowing for more complex components to be designed and fabricated without the need for more traditional methods or tools, 3D printing technology reduces wastage, results in greater quality control and improves management of construction noise. As 3D printing technology can be closely interfaced with conventional and precast construction methods, it is complementary to the Group's suite of construction capabilities.

HOSPITALITY

The hospitality industry in Singapore was one of the laggards of the economy. For the whole of 2021, Singapore visitor arrivals only reached 330,000, with 40.6% of them arriving in the last two months of the year. The fall in visitor arrivals compared to a year ago was largely due to the 2.7 million visitor arrivals registered in the first quarter of 2020 alone, before major border restrictions were implemented.[1] With respect to hotel sector performance from January to December 2021, Singapore's hotel industry registered an Average Occupancy Rate of 56.2%.[2] There has not been significant recovery in revenue and occupancy rates for the Group's Park Hotel Alexandra in Singapore.

[1] Ministry of Trade and Industry, "Economic Survey of Singapore 2021."
[2] Singapore Tourism Board, "Singapore's tourism sector remained resilient in 2021, ready for recovery in 2022 and beyond." https://www.stb.gov.sg/content/stb/en/media-centre/media-releases/Singapores-tourism-sector-remained-resilient-in-2021-ready-for-recovery-in-2022-and-beyond.html

OPERATIONS REVIEW

The hotel suffered from low occupancy in the first few months of the year before it was leased as an isolation facility for persons serving their stay home notices and for quarantined individuals. Park Hotel Alexandra's predominant source of revenue in 2021 was from operating as such isolation purpose facility. As announced by the Group on 25 February 2022, the Group has served a termination notice on the current operator of the hotel. After the expiry of the six-month termination notice period, the hotel will be temporarily closed for refurbishment and will be rebranded. A new operator will be appointed to manage the hotel under a new brand. The Group expects that the hotel will reopen for business under the new brand around the first quarter of 2023.

Australia remained largely closed to international travellers until February 2022. Hotel occupancy in 2021 was mainly propped up by local demand. The Group's two hotels in Australia, The Sebel Mandurah in Western Australia and Grosvenor Hotel Adelaide in South Australia, have benefitted from the uptick in domestic travel within Australia.

The Maldives saw a significant rebound in international tourists, registering 1.3 million tourist arrivals in 2021, compared with 0.5 million in 2020. The Group's resort in the Maldives, Grand Park Kodhipparu, has benefitted from the increase in visitor arrivals from Europe, the Middle East and South Asia.

Looking ahead, the Group will proceed cautiously as far as its hotel assets are concerned. Recovery of the Singapore tourism sector continues to be challenging despite the relaxed border measures for fully vaccinated travellers with effect from 1 April 2022 and the gradual resumption of international travel. In any case, the Group's only hotel in Singapore will be closed for refurbishment from end-August and is expected to reopen for business under a new brand only in the first quarter of 2023. Australia's reopening of borders to international travellers augurs well for the Group's hotels there. With more countries further easing their travel restrictions, the occupancy level for the Grand Park Kodhipparu in the Maldives is also expected to rise although the resort may face stiffer competition with the expected opening of six new resorts in the Maldives this year, which may in turn exert downward price pressures on room rates and affect occupancy level.

The Group's hospitality division will continue to exercise prudence in its expenditure and investments. The Group is deferring commencement of construction of its new hotel development projects in Adelaide, South Australia and in the Maldives until construction costs have stabilised and the Group is able to ascertain its capital expenditure with greater certainty. The targeted timelines for commencement of operations of the Group's new hotel and resort are expected to coincide with the projected return to normalcy in international travel and tourism.

EDUCATION

The Group's education division continued to record significant increase in revenue in 2021. Revenue from the Group's education division grew by 41.5% from $25.9 million to $36.7 million on the back of higher contribution from the Group's Invictus-brand K-12 international schools, The Perse School Singapore and the Primus Schoolhouse pre-school centres.

Nevertheless, the COVID-19 pandemic continued to significantly impact and limit the growth of the Group's education business in 2021, with expatriates and their families relocating out of, and

Invictus International Preschool Grandeur Park, Singapore fewer expatriate families coming to, Singapore and the region. These negative factors resulted in lower enrolment in the Group's K-12 international schools and pre-schools. Furthermore, the Ministry of Manpower tightened regulations for admission of foreigners seeking work in Singapore, leading to challenges in the recruitment of international teachers for the Group's schools.

In 2021, to streamline its operations for better economies of scale, the division reorganised the finance, human resources, operations and marketing functions within its schools by centralising these functions at the holding company level. The division also streamlined its school operations into two main categories namely, K-12 schools and pre-schools, to achieve consistency of branding and ensure quality assurance. In the same year, the Group capitalised on an opportunity to divest its 41.14% equity interest in Cybint International Pte. Ltd. (“**Cybint**”) for a gain on its investment, thereby allowing the division to deploy the proceeds from the sale towards new growth areas.

The Group's expansion plans in the PRC were derailed by the regulatory measures rolled out in July 2021 targeting the private education industry. The measures impacted the Group's investee company, Yuanda as it could no longer carry out its core business of providing direct sales to students of its online offerings for primary school mathematics as well as online and onsite tuition. Yuanda has had to revert to its business-to-business model of marketing the subscription of its online offerings only to schools. This has resulted in much slower revenue growth in 2021 and negative outlook. The Group has impaired its investment in Yuanda in full, which stood at approximately $11.3 million as at 31 December 2021. While the Group's other education-related ventures in the PRC are not in tuition, the uncertainty surrounding the implementation of the regulatory measures targeting the tuition industry have nevertheless dampened enrolment growth in such other ventures. Thus, in the first quarter of 2022, the Group closed down its two enrichment centres in Shanghai after assessing that there is no long-term viability as it will be challenging to further expand the network of these enrichment centres across the PRC. Similarly, as Amdon's businesses and growth plans have also been adversely affected by, amongst others, the COVID-19 pandemic, the Group has impaired its investment in Amdon in full, which is approximately $3.1 million as at 31 December 2021.

Looking ahead, considering that countries such as the US and those in Europe have already opened their borders and that Singapore has also considerably relaxed its border control measures in response to the decreasing threat of the COVID-19 virus, the Group has reason to be cautiously optimistic that there will be a much-improved enrolment growth in its schools in 2022 compared to 2021. With the likely further opening of international borders in 2022, the number of expatriate families returning or relocating to Singapore and the region should be on the rise. Also, the Group's K-12 international schools in Singapore are on track to obtain EduTrust accreditation, which will allow these schools to increase their intake to include admission of students from the region in addition to the children of expatriate families based in Singapore.

In 2022, the Group will continue to focus on its K-12 international schools. The Group will consolidate and synergise its existing network of schools in the region and further widen its network of K-12 international schools. With respect to its proprietary brand of Invictus schools, the Group intends to adopt a two-pronged strategy of expanding the network of physical schools and the Group's proprietary three-year IGSH Programme. This smart school programme uses blended learning, comprising both online and onsite learning, to prepare students from non-English speaking countries for the Cambridge International A-level examinations. Since January 2022, the topic modules developed for the IGSH Programme are being piloted in the Invictus campus at Centrium Square, Singapore. The launch of the fully developed IGSH Programme is expected to take place in the second half of 2022. Aside from being deployed in the schools owned and operated by the Group, it can also be licensed to third party education-related organisations which wish to adopt the programme as part of their curriculum. Leveraging on technologies extensively, the IGSH Programme offers both greater flexibility in terms of the division's business model and better scalability for further expansion.

PROPERTY INVESTMENT & OTHERS

Rental income generated from the Group's investment properties do not contribute significantly to the Group's revenue. Compared to 2020, the occupancy rates for the Group's investment properties in Singapore and Australia were relatively stable in 2021. However, there was a decline in the occupancy rate for the office building in Auckland, New Zealand due to extended periods of lockdown in Auckland. In 2021, the Group capitalised on the significant pick-up in interest and transaction prices for shophouses in Singapore and divested all its shophouse properties in Singapore at prices above their respective valuations. The disposal of the shophouse properties is in line with the Group's asset management strategy to divest non-strategic or non-core assets. The total sale consideration for all of the shophouse properties was $32.8 million. In December 2021, the Group further entered into a sale and purchase agreement to divest its industrial property in Singapore known as CES Building for a consideration of $28.0 million. The divestment was done through a share sale and was completed in March 2022.

The economic outlook for Singapore remains positive and Singapore's moves towards living with COVID-19 and its significant easing of COVID-19 curbs as announced on 24 March 2022, are expected to bolster business sentiment. Against this backdrop, the Group has commenced discussions with some of its tenants in Singapore with respect to lease renewals in 2022. In addition, the Group is also seeing a gradual increase in interest from prospective tenants. The Group will review its property investment portfolio from time to time to assess which assets should be divested as a result of having becoming non-strategic or non-core over time and also explore expanding the portfolio to include more diversified asset classes.

BOARD OF DIRECTORS

MRS CELINE TANG

NON-EXECUTIVE CHAIRMAN NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Mrs Celine Tang was appointed as the Non-Executive Chairman and Non-Independent and Non-Executive Director of the Company on 11 October 2018. Mrs Celine Tang is currently the Group Managing Director of SingHaiyi Group Pte. Ltd. (previously known as SingHaiyi Group Ltd and delisted from Official List of the SGX-ST with effect from 9.00 a.m. on 31 January 2022). She also holds the position of Non-Executive Chairman at OKH Global Ltd, an integrated property developer focused on logistics and industrial properties, listed on the Mainboard of the SGX-ST.

Mrs Celine Tang has served as Executive Director of Tang Dynasty Pte Ltd since its inception in 1995 and has been instrumental in growing the trading and investment company. Mrs Celine Tang is also an Executive Director of Haiyi Holdings Pte. Ltd. which is founded by Mr Tang Yigang @ Gordon Tang (Mr Gordon Tang). Mrs Celine Tang is the spouse of Mr Gordon Tang who is an esteemed entrepreneur with a stellar track record in real estate and investments and a philanthropist who actively drives sports-related charity activities. In addition, Mrs Tang is a Non-Executive Director of American Pacific International Capital, Inc., a diversified international investment holding company with businesses throughout the United States of America ("**US**") and the PRC.

Mrs Celine Tang was previously the Assistant Judicial Officer of Shantou Longhu District Court in the PRC. She graduated with a Bachelor's Degree in Literature from China People's University for Police Officers (now known as People's Public Security University of China).

Possessing a strong belief in giving back to society, Mrs Celine Tang sponsors student scholarships and grants, as well as supports activities in several Singapore schools such as West Spring Secondary, Juying Secondary School and Crest Secondary School. She sits as a member of the Advisory Committee of Juying Secondary School. She also sponsored the Lee Kuan Yew Fund for Bilingualism, Lee Kuan Yew School of Public Policy and Faculty of Science of the National University of Singapore ("**NUS**"). In addition, Mr Gordon Tang and Mrs Celine Tang are the owners of Aloha Sea Sports Club, which rents out equipment for water sports and conducts a wide range of water sport courses. All profits generated from the centre are donated for the development of sailing in Singapore.

MR CHIA LEE MENG RAYMOND *PBM*

EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

Mr Chia Lee Meng Raymond has helmed the role of Group Chief Executive Officer since February 2016. On 5 May 2016, he was appointed as Executive Chairman of the Company. With effect from 11 October 2018, he was re-designated from Executive Chairman and Group Chief Executive Officer to Executive Director and Group Chief Executive Officer.

He is responsible for the Group's overall operations, strategic planning and investment decisions. Starting out as a project manager back in 1994, Mr Chia rose through the ranks and was appointed as director of the Company in 1999. He served as Managing Director of the property development division in July 2006, before being appointed Group Chief Executive Officer in June 2007 and Executive Deputy Chairman in January 2013. Outside the Group, Mr Chia was Chairman of Seacare Properties Pte Ltd from October 2003 to October 2019, and Director of Seacare Holdings Pte Ltd from September 2006 to September 2019.

Mr Chia is currently President of The Singapore Scout Association and Board Member of Ren Ci Hospital. He is also a patron of the Nee Soon South Citizens' Consultative Committee. Mr Chia was awarded The Public Service Stars PBM in 2013 for public service rendered to the nation. He holds a Bachelor's degree in Economics and Finance from Curtin University, Australia and a Master's degree in Finance from RMIT University, Australia.

MR TAN TEE HOW
EXECUTIVE DIRECTOR

Mr Tan Tee How joined the Board on 2 February 2018 as Executive Director. Prior to this, Mr Tan had served 34 years in the Singapore Administrative Service, holding various key appointments, including Principal Private Secretary to then Prime Minister Goh Chok Tong (1997 to 2000) and founding CEO of National Healthcare Group (2000 to 2004). He was Permanent Secretary of the Ministry of National Development (2004 to 2011) and of the Ministry of Home Affairs (2011 to 2014). He was also Commissioner and CEO of the Inland Revenue Authority of Singapore (2014 to 2018). Mr Tan is currently Chairman of the Casino Regulatory Authority and the National Healthcare Group. He is also an Independent Director of Hong Leong Finance Ltd, MOH Holdings Pte Ltd and Temus Pte Ltd. He holds a Bachelor of Business Administration (Hons) degree from NUS and a Master of Public Administration degree from Harvard University. He attended the Wharton Business School Advanced Management Programme in 2002.

MR YAM AH MEE
NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Mr Yam Ah Mee was appointed Non-Independent and Non-Executive Director of the Company on 12 December 2019. Mr Yam holds various director roles in Sembcorp units and is also a director of CES_SDC Pte. Ltd., the Company's wholly-owned subsidiary which carries out infrastructure and civil engineering projects. Previously, he held senior public sector responsibilities, including as the Chief of Staff, RSAF; Deputy Secretary, Public Service Division, PMO; CEO/Dean of Civil Service College; Deputy Secretary, Air & Sea of Ministry of Transport; CEO of Land Transport Authority; and CEO of People's Association. Mr Yam was also the Returning Officer for Singapore's general elections held in 2011.

Mr Yam holds a Bachelor of Engineering (First-Class Honours) from University of New South Wales, Australia, a Master of Business Administration from NUS, and a Master of Public Administration from Harvard University, US. He also attended the Harvard Business School Advanced Management Programme from Harvard University, US and is a Fellow member of the Society of Project Managers Singapore.

Mr Yam was awarded the NUS Eminent Business Alumni Award 2012, Public Administration Medal (Gold) 2008, Public Administration Medal (Silver) (Military) 1992, Lucius N Littauer Fellow Award (Harvard) 1991, Andover Prize Award at RAF, United Kingdom ("**UK**"), 1986 and The Queen's Medal at Royal Military College, Duntroon, Australia, 1980.

MR ABDUL JABBAR BIN KARAM DIN
LEAD INDEPENDENT DIRECTOR

Mr Abdul Jabbar joined the Board on 2 February 2018 as an Independent Director, and was appointed as Lead Independent Director in April 2021. He chairs the Remuneration Committee and is a member of the Investment Committee and the Audit and Risk Committee. An Executive Committee Partner with Rajah and Tann Singapore LLP, Mr Jabbar heads the firm's Corporate and Transactional Practice. He has more than 25 years' extensive experience in mergers and acquisitions, joint ventures, employment, banking and finance, general commercial and private client work, both local and international.

Mr Jabbar also advises companies on corporate governance, compliance and regulatory matters. He serves as company secretary on the boards of numerous private and public listed and unlisted companies as well as registered foreign companies with Singapore branches. He graduated from the NUS with a Bachelor of Laws (Hons) degree.

BOARD OF DIRECTORS

DR NEO BOON SIONG
INDEPENDENT DIRECTOR

Dr Neo Boon Siong was appointed Independent Director of the Company on 12 December 2019. He chairs the Audit and Risk Committee and is a member of the Nominating Committee. He was the CANON Endowed Chair Professor of Business and twice served as Dean of the Nanyang Business School at the Nanyang Technological University ("**NTU**"), Singapore . Dr Neo is currently a Director of St Luke's Eldercare. He was previously the Chairman of the board of directors of k1 Ventures Ltd and served as Director of Keppel Telecommunications & Transportation Ltd, OCBC Bank, Great Eastern Holdings Ltd, OUE Hospitality Trust Ltd among several other companies. He holds a Bachelor of Accountancy (Honours) from NUS, Master of Business Administration and PhD from University of Pittsburgh, US.

PROF YAACOB BIN IBRAHIM
INDEPENDENT DIRECTOR

Prof Yaacob was appointed Independent Director of the Company on 20 February 2020. He chairs the Nominating Committee and is a member of the Remuneration Committee and the Audit and Risk Committee.

Prof Yaacob is currently a Professor of Engineering at the Singapore Institute of Technology where he is also the Director of the Community Leadership and Social Innovation Center.

Prior to his current position, Prof Yaacob served as a Minister in the Ministries of Communications and Information (2011 – 2018), Environment and Water Resources (2004 – 2011) and Community Development and Sports (2002 – 2004). Throughout the 16 years as a Minister, he was also Minister-in-charge of Muslim Affairs. He started his political career as a Member of Parliament in Jalan Besar GRC on 2 January 1997. He held several political appointments before becoming a minister in 2002. He has since stepped down as a Member of Parliament in July 2020.

Prof Yaacob graduated from the University of Singapore with a degree in Civil Engineering in 1980. He worked as a structural engineer with a multinational engineering consulting firm from 1980 to 1984. He pursued his PhD at Stanford University from 1984 and graduated in 1989. He spent two years as a post-doctoral fellow at Cornell University. He joined NUS as a faculty member in 1990 where he became a tenured member. He took a leave of absence from NUS from July 1998 till his resignation from NUS in August 2018.

He is currently on the Board of Trustees for the Building Construction and Timber Industries Employees' Union, a Board Member of Surbana Jurong Private Limited and an independent director of Singapore Power Limited and SGX-ST listed Oceanus Group Limited. He is also advising some start-ups and is currently a non-executive chairman of an investment fund, Rekanext Capital Partners Pte. Ltd.

MR LOCK WAI HAN
INDEPENDENT DIRECTOR

Mr Lock Wai Han was appointed Independent Director of the Company on 11 October 2018. He is a member of the Audit and Risk Committee, the Nominating Committee and the Investment Committee. He is currently Executive Director and CEO of SGX-ST listed OKH Global Ltd. From 1 November 2013 to 31 December 2015, Mr Lock was Executive Director and Group CEO of Rowsley Ltd. Between June 2011 and August 2013, he was based in Beijing as the China CEO of CapitaMalls Asia ("**CMA**"), where he had oversight of a retail mall portfolio that included Raffles City projects and CMA mixed developments. Before joining CMA in March 2010, he had served in the Singapore public sector for more than 20 years during which he held various leadership roles, including Commissioner of the Immigration & Checkpoints Authority, Director of the Criminal Investigations Department, and Deputy Secretary of the Ministry of Information, Communications & the Arts, as well as directorships on various statutory boards.

Mr Lock holds Bachelor and Master of Arts (Engineering) degrees from the University of Cambridge, UK, and a Master of Science (Management) degree from Leland Stanford Junior University, US.

PROF LOW TECK SENG
INDEPENDENT DIRECTOR

Prof Low Teck Seng was appointed Independent Director of the Company on 12 December 2019. He chairs the Investment Committee and is a member of the Remuneration Committee and the Audit and Risk Committee. He is currently the CEO of the National Research Foundation, Singapore. He also serves as an independent director with ExcelPoint Technology Ltd, and is a professor at NUS. Prof Low holds a Bachelor of Science (Electrical and Electronic Engineering) (First Class Honours) and a PhD from the University of Southampton, UK. He is a Fellow of the Singapore Academy of Engineers; Fellow of the Institute of Electrical and Electronics Engineers and International Fellow of the Royal Academy of Engineers, UK.

EXECUTIVE OFFICERS

MR LAW CHEONG YAN

GROUP CHIEF CORPORATE OFFICER AND CHIEF OPERATING OFFICER, EDUCATION DIVISION

Mr Law Cheong Yan was appointed as Group Chief Corporate Officer and Chief Operating Officer for the Group's education division in January 2022. In his current role, he manages the Group's mergers and acquisitions, investments, corporate exercises, and functions relating to information technology, payroll and risk management. He also jointly manages the fund-raising and treasury functions of the Group with the Group Chief Financial Officer. In addition, as Chief Operating Officer for the Group's education division, Mr Law oversees the Group's education division in respect of its business and day-to-day operations which include human resources, finance, marketing and business development.

Prior to assuming his current role, Mr Law was Group Chief Financial Officer from August 2013 to January 2022. Prior to joining Chip Eng Seng, Mr Law spent more than nine years in the PRC and the US managing the businesses of several Singapore companies' overseas subsidiaries. Mr Law was also the Group's Financial Controller for the period from June 1999 to February 2004, and an auditor with an international accounting firm from September 1995 to June 1999.

Mr Law holds a Bachelor of Accountancy (Hons) degree from NTU. He is also a member of ISCA and CPA Australia.

MR KENNY YONG SHAN SIONG

GROUP CHIEF FINANCIAL OFFICER

Mr Kenny Yong Shan Siong joined the Group in September 2021 as Deputy Group Chief Financial Officer. He was appointed as Group Chief Financial Officer in January 2022.

In his current role, Mr Yong leads the Group in a multitude of functions comprising financial and management accounting, taxation, corporate governance, internal controls, financial planning and analysis, sustainability, and investor relations. He also jointly manages the fund-raising and treasury functions of the Group with the Group Chief Corporate Officer.

Prior to joining the Group, Mr Yong held senior managerial positions at multinational companies listed in the US and France, as well as a leading real estate development and investment company headquartered in Singapore. He also served a 8-year stint as an auditor with an international accounting firm.

Mr Yong holds a Bachelor of Commerce (Accounting and Finance) degree from The University of Melbourne, Australia. He is also a member of CPA Australia.

MR TEO TIONG YONG

EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER, CONSTRUCTION DIVISION

Mr Teo Tiong Yong joined the Group in July 2021. In his current role as Executive Director and Chief Operating Officer of the Group's construction division, he oversees the operations of the Group's construction business and drives synergy and efficiency across the business segments within the construction division.

Mr Teo has more than 25 years of experience in the construction industry. He started his career with Sembcorp Engineers and Constructors Pte Ltd in 1992. During his 13-year stint with Sembcorp, he was involved in the design and construction of buildings, factories, army camps and underground structures including MINDEF's Underground Ammunition Facility Caverns, PUB's Deep Tunnel Sewerage System Contract T05 project and Changi Airport Terminal 2 Expansion. Mr Teo joined JTC Corporation ("**JTC**") in 2006 and in his 15-year tenure with JTC, he had taken on various leadership portfolios in project management, where he led the development of both industrial land and space solutions which included the development of specialised industrial buildings, marine infrastructure and underground developments, including JTC's Jurong Rock Caverns project. In JTC, he was also responsible for the provision of project management services to the government agencies without in-house or with limited capabilities to undertake building & infrastructure projects.

Mr Teo holds an Honours Degree in Civil Engineering and a Master of Science (Civil Engineering) from NUS. He is also a Registered Professional Engineer with the Professional Engineers Board.

MR MICHAEL NG

EXECUTIVE DIRECTOR OF CEL DEVELOPMENT PTE LTD

Mr Michael Ng joined the Group in January 2017. He is responsible for the Group's property development and investment divisions.

Prior to joining the Group, Mr Ng was Group General Manager of United Industrial Corporation Limited and Singapore Land Limited where he managed the diversified real estate investments and developments of the group in Singapore, PRC and UK.

Mr Ng started the early part of his career with Richard Ellis (now known as CBRE) from 1988 to 1994 where he honed his acumen in asset management, real estate investment, advisory and marketing. From 1995 to 2001, Mr Ng headed the property arm of COSCO Singapore, a PRC state-owned maritime group. He was in charge of real estate development, investments, acquisitions, project management and asset management. Some of the projects included commercial, retail and residential developments and investments in Singapore, Southeast Asia and PRC. In 2001, Mr Ng joined the Singapore office of UK-owned Hamptons International as Managing Director. He subsequently led a management buyout of the Singapore office and expanded the business successfully before selling the operations to Savills Singapore in December 2004. Mr Ng was the Managing Director of Savills Singapore from 2005 to 2010. He was also a founding shareholder of Huttons Real Estate in 2002.

Mr Ng was a panel member of the Strata Titles Boards, under the Ministry of Law from 1999 to 2008. Mr Ng holds a Bachelor of Science (Hons) degree in Estate Management from NUS and has been in the real estate industry for over 30 years.

MR CAMERON ONG

MANAGING DIRECTOR, HOSPITALITY DIVISION

Mr Cameron Ong joined the Group in February 2022. He is responsible for the business development and operations of the Group's hospitality division.

Mr Ong was the former Group CEO of The Ascott, the largest owner-operator serviced apartment group outside the US. He created a combined shareholder value of SGD3.5 billion from SGD0.5 billion for the Ascott Group and Ascott REIT, and launched the first cross-border serviced residence property REIT in Asia - The Ascott REIT.

He previously served as an advisor to Beijing International Promotion Council and Singapore-Philippine Business Council; won numerous international awards and accolades and was voted as one of the top "Movers and Shakers" in Asia Pacific (TTG). He has more than 35 years of international experience in hospitality and was the youngest Asian General Manager appointed for Crowne Plaza hotel group in Asia. Mr Ong attended senior management programmes in Qinghua University, Insead Business School, Fontainebleau and IMD Lausanne. He is also a Certified Hotel Administrator (CHA) from The American Hotel & Lodging Educational Institute.

Mr Ong set up Ariva Hospitality in October 2008, and during his tenure of management, the company managed more than 8,000 keys across 20 cities in Singapore, Malaysia, Thailand, Indonesia, Vietnam, Myanmar, Cambodia and Philippines.

OTHER OFFICERS

CORPORATE

MR ANG KANG HAI
Chief Human Resource Officer

MS GOH GIN NEE
General Counsel &
Joint Company Secretary

PROPERTY DEVELOPMENT AND INVESTMENT

MR LEE YEE-SENG ROBERT
Executive Director (Australia)

MS LIM SOCK JOO
Executive Director

BUILDING CONSTRUCTION

MR YEO SIANG THONG
Managing Director

CIVIL INFRASTRUCTURE

MR LIEW CHOONG SAN
Managing Director

3D PRINTING TECHNOLOGY

MR TAN JUN SHYONG
Managing Director

WATER AND ENVIRONMENTAL ENGINEERING

MR TONG KOK KWANG
Managing Director

EDUCATION

DR KOH THIAM SENG
Executive Vice President

PROJECT PORTFOLIO

CONSTRUCTION

MAJOR ON-GOING PROJECTS IN 2021

PROJECT	DESCRIPTION	OWNER
Toa Payoh Bidadari Contract 6 & Contract 7	Building construction of 16 blocks of residential building	HDB
Bidadari Contract 8 & Contract 9	Building construction of 8 blocks of residential building	HDB
Sengkang Neighbourhood 4 Contract 39 & Contract 40	Design and construction of public housing at Sengkang	HDB
Design and Build of Upgrading Projecs For G27A	Upgrading projects for 2 precincts at Yishun Ring Road and 1 precinct at Yishun Street 61	HDB
Parc Komo at Upper Changi Road North	Building construction of 7 blocks of 5 storey residential flats and 3 blocks of 2-storey building for commercial use at 1st and 2nd storey and residential use from 3rd to 5th storey (total 276 residencial units)	CEL Real Estate Development Pte. Ltd.
CAG Package 2	Proposed Development of Changi East to Effect 3 Runway Operations at Singapore Changi Airport – Package 2	Changi Airport Group (CAG)
Contract T227	Construction of Marina South Station and Tunnels for Thomson-East Coast Line	Land Transport Authority (LTA)
Contract C22A	Changi Water Reclamation Plant Phase 2 - Foundation Works for Train 5	Public Utilities Board (PUB)
Tampines Neighbourhood 8 Contract 31	Building construction of 6 blocks of residential building connecting linkways and linkbridges, a multi-storey car park, precinct pavilions, a roof garden and a childcare centre	HDB
Contract J107	Design and construction of Gek Poh Station, Tawas Station and viaduct for Jurong Region Line	Land Transport Authority (LTA)
Contract 4A	Tuas Water Reclamation Plant - Biosolids and Digesters	Public Utilities Board (PUB)
Design & Build of Upgrading Projects For G29G	Upgrading projects for 2 precincts at Serangoon Ave 1,1 precinct at Lengkong Tiga and 1 precinct at UBI Ave 1	HDB
Pasir Ris Neighbourhood 5 Contract 26 & 27	Building construction of 10 blocks, with a single storey car park, single-storey commercial facilities, 2 precinct pavilions, three electrical substations and communal facilities	HDB
Woodlands Neighbourhood 1 Contract 25	Construction of 3 blocks of 25/30-storey and 2 blocks of 26/30-storey residential building with multi-storey car park, precinct pavilions, bin centre, ESS, communal roof garden, commercial & community facilities	HDB

PROPERTY DEVELOPMENT

PROJECTS COMPLETED IN 2021

PROJECT	LOCATION	DESCRIPTION	NO. OF UNITS	TENURE
Park Colonial	Woodleigh Lane, Singapore	Condominium	805	99 years

DEVELOPMENT PROJECTS UNDER CONSTRUCTION

PROJECT	LOCATION	DESCRIPTION	NO. OF UNITS	TENURE	STAGE OF COMPLETION/ EXPECTED YEAR OF COMPLETION	SITE AREA (M^2)	ESTIMATED GFA (M^2)	% OWNED
Parc Komo	Upper Changi Road North, Singapore	Condominium	276	Freehold	35%/2023	18,755	23,192	100%
Kopar at Newton	Makeway Avenue, Singapore	Condominium	378	99 years	25%/2023	11,643	32,602	100%

PROJECTS IN THE PIPELINE

PROJECT	LOCATION	DESCRIPTION	NO. OF UNITS	TENURE	EXPECTED TOP
28 Lyall South Perth	31 Labouchere Road and 24 Lyall Street South Perth, Western Australia	Residential apartment, commercial & retail	110	Freehold	2024
Northcote	217 and 221 - 223 Separation Street, Northcote, Victoria, Australia	Residential apartments	@	Freehold	@
Redevelopment of Maxwell House	20 Maxwell Road, Singapore	Mixed residential and commercial development	@	99 years from 2 June 1969	2026
Redevelopment of Peace Centre/Peace Mansion	1 Sophia Road, Singapore	Mixed commercial and residential development	#	99 years from 2 June 1970	#

@ in planning stage
 # pending legal completion of the acquisition

PROJECT
PORTFOLIO

INVESTMENT PROPERTIES

DESCRIPTION	LOCATION	TENURE	EXISTING USE	UNEXPIRED LEASE TERMS	% OWNED
Twelve-storey office building	171 Chin Swee Road, Singapore	99 years from 2 June 1969	Offices	47 years	100%
Strata Restaurant Property	1 Marco Polo Drive, Mandurah, Western Australia	Freehold	Tavern	-	100%
Two commercial towers of seventeen-storey and twenty two-storey and retail podium	205 Queen Street, Auckland, New Zealand	91 years from 18 June 1990	Offices	60 years	50%
Two-storey buildings with basement commercial units	72, 74-78 and 80-82 Hindley Street, Adelaide, South Australia	Freehold	Shops	-	100%
A commercial unit at Alexandra Central	321 Alexandra Road, #01-06, Singapore	99 years from 5 March 2012	Shop	90 years	100%
Twenty-eight strata units at Komo Shoppes in a two-storey retail podium (under construction)	Upper Changi Road North, Singapore	Freehold	Shops	-	100%

PROPERTY & PLANT

DESCRIPTION	LOCATION	TENURE	EXISTING USE
Park Hotel Alexandra A 442-room 13-storey hotel	323 Alexandra Road, Singapore	99 years from March 2012	Hotel
The Sebel Mandurah A 84-room waterfront hotel	1 Marco Polo Drive, Mandurah, Australia	Freehold	Hotel
A single-user single-storey warehouse with a 4-storey ancillary office and temporary ancillary workers dormitory	2 Tuas South Street 8, Singapore	23 years from 26 December 2012	Construction workshop & dormitory
Property at Tuas Basin Close	11 Tuas Basin Close Singapore	4 December 2017 to 31 December 2021	Offices, store & precast finishing works
Property at Tech Park Crescent	65 Tech Park Crescent Singapore	60 years from 18 August 1993	Factory building
Worker dormitory at Tanah Merah Coast Road	Lot 04962N Tanah Merah Coast Road, Singapore	1 November 2017 to 31 December 2022	Dormitory
A freehold parcel of industrial land with a single-storey detached office building	No. PTO 102945, Jalan Idaman, Senai Industrial Park, Senai, Johor, Malaysia	Freehold	Precast plant
Property at Johor, Malaysia	No 8 Jalan Purnama, Bandar Seri Alam 81750 Masai Johor Darul Takzim, Malaysia	Freehold	International school
Grosvenor Hotel Adelaide A 181-room 6-storey hotel	121-125 North Terrace, Adelaide, South Australia	Freehold	Hotel
Grand Park Kodhipparu Resort A 120-villa resort	North Malé Atoll, Maldives	50 years from 30 September 2013	Hotel
A commercial unit at Alexandra Central	321 Alexandra Road #03-11 Singapore	99 years from 5 March 2021	Preschool

HOTELS UNDER DEVELOPMENT

DESCRIPTION	LOCATION	TENURE	% OWNED
Hotel in Adelaide	51 Pirie Street, Adelaide, South Australia	Freehold	100%
Resort in Samarafushi lagoon	North Malé Atoll, Maldives	50 years from 9 August 2016	70%

SIGNIFICANT EVENTS

2021

FEBRUARY

- Further invested approximately US$2.3 million in Cybint via the subscription of 1,990,000 new shares, following which the Group's shareholding interest in Cybint increased from 33.33% to 41.14%.

MARCH

- Completed the disposal of the property located at 15-55 and 85 Gladstone Street, South Melbourne, Australia for A$65 million.

APRIL

- Entered into a collaboration with HHDSB and Nusajaya Greens Sdn Bhd pursuant to which HHDSB will develop a built-to-suit campus for a school within its development known as "Horizon Hills" in Iskandar Puteri, Johor Bahru, Malaysia. The Group will lease the premises to operate an Invictus-branded K-12 international school.

- Established a joint venture with Inception Materials to undertake the business of providing procurement services relating to construction-related supplies and materials, and related services. The Group holds a 55% shareholding interest in the joint venture company (Eura Construction Supply Pte. Ltd.) while its joint venture partner, Inception Materials, holds the remaining 45%.

- Awarded a S$244.8 million building construction contract at Pasir Ris Neighbourhood 5 Contract 26 & Contract 27 by the HDB.

- Proposed disposal of shophouse properties at 115 Geylang Road and 84/A/B & 86/A/B Tanjong Pagar Road, Singapore at S$13.5 million and S$10.68 million respectively.

MAY

- Together with SingHaiyi Investments Pte. Ltd. and Chuan Investments Pte. Ltd., successfully tendered for the enbloc acquisition of the development known as Maxwell House in Singapore for S$276.8 million.

JUNE

- Proposed acquisition of commerical property located at 80-82 Hindley Street, Adelaide, Australia at a purchase price of A$2.5 million.

- Redemption and cancellation on maturity of outstanding 4.75% Series 002 notes in aggregate principal amount of S$13.0 million.

JULY

- Entered into a sale and purchase agreement to dispose all of the shares held by the Group in Cybint for US$8.2 million. At the time of the sale, the Group owned 41.14% of the issued shares in Cybint.

- Completed the disposal of shophouse property at 115 Geylang Road, Singapore.

- Completed the acquisition of commercial property located at 80-82 Hindley Street, Adelaide, Australia.

AUGUST

- The Group's subsidiary, Invictus International, entered into a collaboration with SPS in Pathum Thani province in Thailand pursuant to which SPS will offer the international curriculum programme developed by Invictus International to its students. The programme is branded as 'Invictus International Programme @ Sathitpathum'.

- Completed the disposal of the Group's shares in Cybint. Following such disposal, Cybint ceased to be an associated company of the Group.

- Proposed disposal of shophouse property at 157, 159 and 161 Geylang Road, Singapore for S$8.63 million.

SEPTEMBER

- Appointed by HDB as the replacement main contractor for the remaining building construction to be undertaken for the Build-To-Order housing project at Marsiling Grove in Woodlands.

OCTOBER

- Acquired the remaining 30% shareholding interest in White Lodge Education Group Services Pte. Ltd. that the Group did not already own, for S$2.7 million. Following such acquisition, White Lodge Education Group Services Pte. Ltd. and its subsidiaries and Invictus International and its subsidiaries are now wholly-owned by the Group.

- Completed the disposal of shophouse property at 157, 159 and 161 Geylang Road, Singapore.

NOVEMBER

- Completed the enbloc acquisition of Maxwell House.

- Launched an exchange offer (the "**Exchange Offer**") pursuant to which holders of the Series 003 notes and Series 004 notes issued pursuant to the S$750 million multicurrency debt issuance programme (the "**Debt Issuance Programme**") were invited to offer to exchange their existing notes for a like principal amount of Singapore dollar-denominated 6.50% notes due 2024 to be issued under the Debt Issuance Programme (the "**New Notes**"). S$10.25 million in aggregate principal amount of the Series 003 Notes and S$61.0 million in aggregate principal amount of the Series 004 Notes were offered, and accepted, for exchange for New Notes.

- Launched and priced S$48.75 million 6.50% notes due 2024 pursuant to the Debt Issuance Programme (the "**Additional Notes**"). The New Notes and the Additional Notes are fungible and are consolidated into the same series and tranche under the Debt Issuance Programme as Series 005.

DECEMBER

- Completed the Exchange Offer of S$71.25m and issued the New Notes and Additional Notes, being an aggregate principal amount of S$120 million 6.50% notes due 2024 comprised as Series 005 under the Debt Issuance Programme.

- Together with joint offerors, Sing-Haiyi Crystal Pte. Ltd. and Ultra Infinity Pte. Ltd., successfully made an offer for the enbloc acquisition of the development known as Peace Centre/Peace Mansion in Singapore for S$650 million.

- Proposed disposal of all the shares held in the Group's wholly-owned subsidiary, Evervit Development Pte. Ltd. ("**EDPL**") for S$28.0 million. EDPL's main asset is the property located at 69 Ubi Crescent, Singapore.

- Completed the disposal of shophouse properties at 84/A/B & 86/A/B Tanjong Pagar Road, Singapore.

2022

JANUARY

- Established a joint venture with Ariva Hospitality Pte. Ltd. ("**AH**") to undertake the business of providing management services to hotels and serviced residences. The Group has a 70% shareholding interest in the joint venture company (CES-Ariva Hospitality Pte. Ltd.) while its joint venture partner, AH, holds the remaining 30%.

FEBRUARY

- Served a 6-months' termination notice on the current operator of the Group's hotel located at 323 Alexandra Road in Singapore (Park Hotel Alexandra). After the expiry of the termination notice, the hotel will be temporarily closed for refurbishment and a new operator will be appointed to manage the hotel under a new brand.

MARCH

- Completed the disposal of EDPL, whose main asset is the property located at 69 Ubi Crescent, Singapore.

- Redemption and cancellation on maturity of outstanding 6% Series 004 notes in aggregate principal amount of S$39.0 million.


Bidadari Contract 8 & Contract 9, Singapore

AWARDS & CERTIFICATIONS

LIST OF AWARDS 2021

YEAR	TYPE OF AWARD	DESCRIPTION / AWARD
2021	Winner	WSH SHARP Award for Fernvale Dew at Sengkang N4C39/C40[1]
2021	Winner	WSH SHARP Award for Woodleigh Glen at Bidadari C8 / C9[1]
2021	Certificate of Commendation	WSH Performance Award[2]
2021	Commendation	WSH SHARP Award for Alkaff Oasis at Bidadari C6[2]
2021	Commendation	WSH SHARP Award for Alkaff Oasis at Bidadari C7[2]
2021	Winner	SCAL Workplace Safety & Health Innovation Silver Award for Fernvale Dew at Sengkang N4C39/C40[1]
2021	Certificate of Commendation	WSH Culturesafe for Alkaff Oasis at Bidadari C6 & C7[2]
2021	Certificate of Commendation	WSH Culturesafe for Fernvale Dew at Sengkang N4C39/C40[1]
2021	Partner Award	WSH bizSAFE Partner Award[3]
2021	Certificate	One of the Singapore's Best Employers 2021 awarded by The Straits Times and Statista[4]
2021	Winner	Top Ten Developers 2020 awarded by BCI Asia[5]

1. Chip Eng Seng Contractors (1988) Pte Ltd
2. CES Engineering & Construction Pte. Ltd.
3. CES_SDC Pte. Ltd.
4. Chip Eng Seng Corporation Ltd.
5. CEL Development Pte. Ltd.

CORPORATE INFORMATION

NON-EXECUTIVE CHAIRMAN AND NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR
CELINE TANG

EXECUTIVE DIRECTORS
CHIA LEE MENG RAYMOND *PBM*
Executive Director and
Group Chief Executive Officer

TAN TEE HOW

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR
YAM AH MEE

INDEPENDENT DIRECTORS
ABDUL JABBAR BIN KARAM DIN
Lead Independent Director

LOCK WAI HAN
LOW TECK SENG
NEO BOON SIONG
YAACOB BIN IBRAHIM

AUDIT AND RISK COMMITTEE
NEO BOON SIONG *(Chairman)*
ABDUL JABBAR BIN KARAM DIN
LOCK WAI HAN
LOW TECK SENG
YAACOB BIN IBRAHIM

REMUNERATION COMMITTEE
ABDUL JABBAR BIN KARAM DIN *(Chairman)*

LOW TECK SENG
YAACOB BIN IBRAHIM

NOMINATING COMMITTEE
YAACOB BIN IBRAHIM *(Chairman)*
LOCK WAI HAN
NEO BOON SIONG

INVESTMENT COMMITTEE
LOW TECK SENG *(Chairman)*
ABDUL JABBAR BIN KARAM DIN
LOCK WAI HAN

SHARE REGISTRAR
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REGISTERED OFFICE
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Tel: 6801 0088
Fax: 6801 0038
Email: enquiry@chipengseng.com.sg
Website: www.chipengseng.com.sg

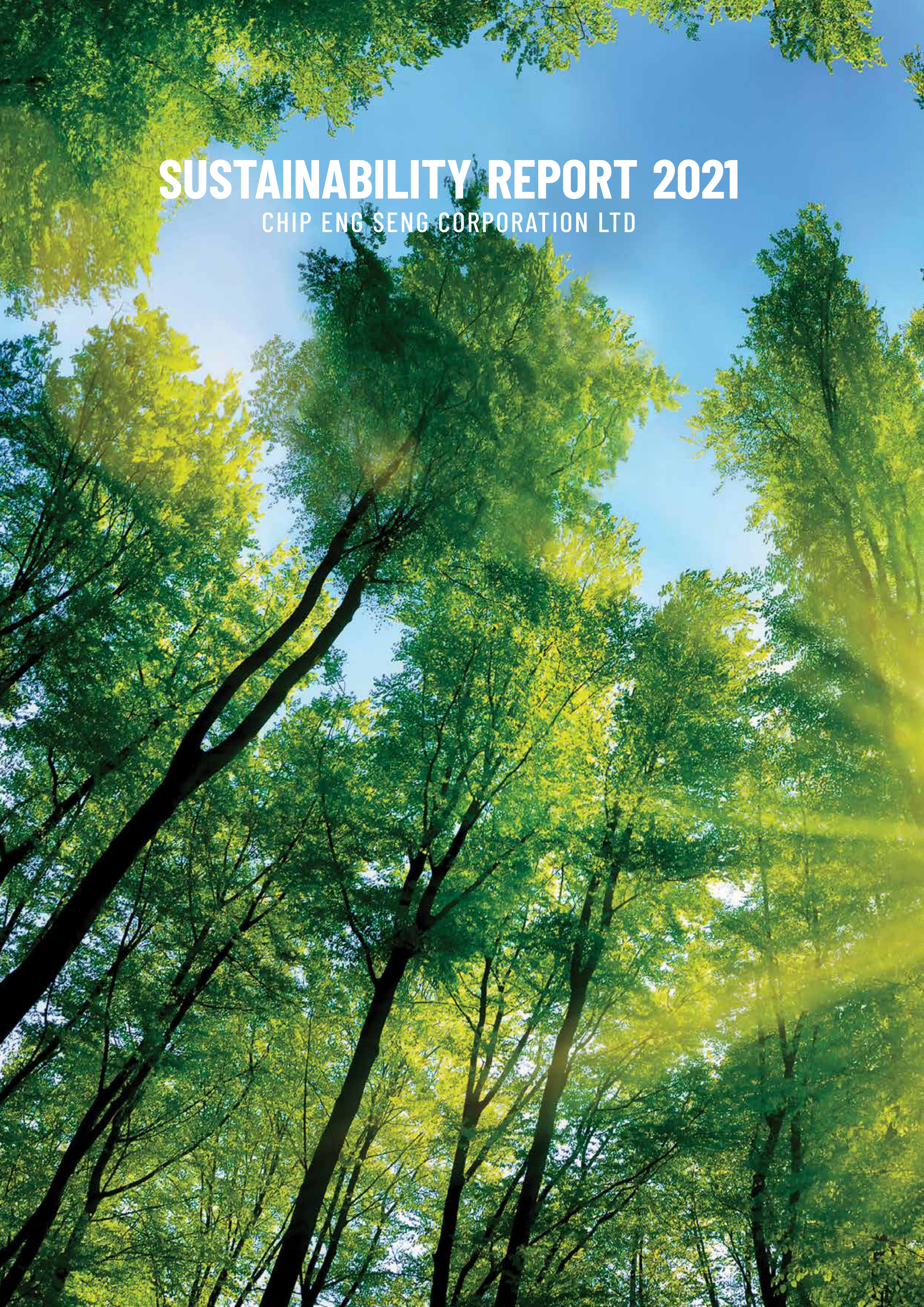
AUDITOR
Ernst & Young LLP
Public Accountants &
Certified Public Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

AUDIT-PARTNER-IN-CHARGE
Low Bek Teng
Since financial year ended
31 December 2020

JOINT COMPANY SECRETARIES
Goh Gin Nee *LLB (Hons)*
Toh Li Ping Angela *(ACIS)*

SUSTAINABILITY REPORT 2021

CHIP ENG SENG CORPORATION LTD



CONTENTS

ABOUT THIS REPORT

This is the 5th Annual Sustainability Report from Chip Eng Seng Corporation Ltd. The report details our sustainability performance on material environmental, social and governance ("**ESG**") factors. Throughout the report, the following terms are used interchangeably to refer to Chip Eng Seng Corporation Ltd.: "Chip Eng Seng" or the "Group".

REPORTING PERIOD AND SCOPE

This report covers the period 1 January 2021 to 31 December 2021. The ESG data in this report covers all business divisions spanning construction, property development and investment, hospitality and education unless stated otherwise.

Our hotel properties are operated and managed by our hotel partners. However, we engage with them to promote sustainability performance. The sustainability data in this report has been provided by our hotel partners. We plan to include data for our overseas hotel operations under our direct operational control in future reporting.

REPORTING STANDARDS

This report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards: Core option. We continue to use the GRI Standards, the most widely used global sustainability reporting standards due to their longstanding universal application and robust guidance, which allows for comparability of our performance against our peers. This report is also prepared in accordance with the Listing Rules of the Singapore Exchange Securities Trading Limited (Rules 711A and 711B).

To reflect the financial materiality of some of our topics, we have aligned our disclosures with selected metrics from the Sustainability Accounting Standards Board's ("**SASB**")'s Engineering & Construction Services Sustainability Accounting Standard. We have referred to the Financial Stability Board's Task Force on Climate-Related Financial Disclosures ("**TCFD**") recommendations to report on how we address climate-related risks and opportunities.

We also continue to integrate the United Nations Sustainable Development Goals ("**UN SDGs**") into our sustainability reporting to demonstrate how our actions contribute to these important global goals. For climate-related topics, we have used the Greenhouse Gas ("**GHG**") Protocol Corporate Accounting and Reporting Standard to calculate our emissions. We have reported our Scope 2 emissions using the location-based method as market-based emission factors are not available.

Reporting Standards and Frameworks
GRI Standards – Core option
SGX Sustainability Reporting Guide
SASB Standards (Engineering & Construction Services)
TCFD Recommendations
UN SDGs
GHG Protocol Corporate Accounting and Reporting Standard

ABOUT THIS REPORT

Toa Payoh Bidadari Contract 6 & Contract 7, Singapore

REPORTING PRINCIPLES

To develop the content of this report we applied the ten reporting principles outlined in the GRI Standards (GRI 101: Foundation 2016). In line with GRI's reporting principles, we have considered stakeholders' views and the most material governance, economic, environmental and social impacts of our business activities and the larger sustainability context for our business activities. We have applied GRI's principles of accuracy, balance, clarity, comparability, reliability and timeliness to maintain the quality of the information included in the report. To ensure accuracy and consistency, the ESG data provided in this report has been primarily extracted from internal information systems and primary records. Financial figures are in Singapore dollars unless specified otherwise.

RESTATEMENTS

A minor adjustment has been made to the greenhouse gas emissions data for 2020 owing to the latest revision in the grid emission factors by the Energy Market Authority, Singapore, published in September 2021.

ASSURANCE

We have relied on internal verification to ensure the accuracy of the data presented in this report. We did not seek external assurance for this report. External assurance for future reports remains under consideration.

AVAILABILITY

This report can be downloaded in PDF format from our website: https://www.chipengseng.com.sg/investor-relations/sustainability/

FEEDBACK

We value feedback on this report and welcome stakeholders' comments or questions at: sustainability@chipengseng.com.sg.

GOVERNANCE

BOARD STATEMENT

The Board of Directors (the "**Board**") is committed to sustainability and considers sustainability issues as part of its strategic formulation. The Board is also committed to setting strategic objectives with an appropriate focus on sustainability. The Board regularly evaluates potential sustainability risks, including climate-related risks and opportunities, as part of the overall risk assessment and provides strategic direction to the management to adopt relevant policies and responses. The Board determines, reviews and approves the material ESG factors and disclosures for sustainability reporting. The Board provides oversight of the management and monitoring of these material ESG factors through regular review of performance indicators.

BOARD OF DIRECTORS

SUSTAINABILITY MANAGEMENT COMMITTEE
Chairman: Group Chief Executive Officer
Deputy Chairman: Group Chief Financial Officer

SUSTAINABILITY REPORTING PROJECT TEAM

SUSTAINABILITY GOVERNANCE

Under strategic direction from the Board, the Group's Sustainability Management Committee ("**SMC**") supervises the adoption and implementation of the sustainability strategies and policies and provides regular updates to the Board. The SMC is chaired by the Group's Chief Executive Officer, with the Group's Chief Financial Officer as the deputy chair.

The SMC is supported by a cross-functional sustainability reporting project team responsible for collecting sustainability performance data. A senior executive has the responsibility to coordinate with the project team to prepare the Group's sustainability report.

Across the Group, senior representatives from various business divisions actively contribute to sustainability initiatives.

CORPORATE GOVERNANCE AND ETHICS

The Group is committed to achieving high corporate governance standards and complies with the Code of Corporate Governance 2018. The Group believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which is essential to the long-term sustainability of the Group's businesses and performance and the protection of shareholders' interests.

Please refer to the Corporate Governance Report section in this Annual Report for more information about our approach.

ANTI-CORRUPTION

Chip Eng Seng maintains a zero-tolerance position against all forms of corruption, including bribery, extortion, fraud and money laundering. Our Anti-Bribery and Corruption Policy prohibits dishonest and fraudulent behaviour, which includes offering, promising, authorising, providing or receiving any kickback. We also require all employees to comply with all applicable local anti-bribery laws where the Group operates. For example, our policy requires compliance with the Singapore Prevention of Corruption Act, the UK Bribery Act, the US Foreign Corrupt Practices Act and the Australian Criminal Code Act. All new employees are required to submit a conflict of interest declaration form upon joining and re-submit annually. Employees who participate in any tendering process or awarding of contracts are required to submit a positive declaration of any conflict of interest, such as a 'nil' declaration.

There were no confirmed cases of corruption in the reported period.

REGULATORY COMPLIANCE

The Group is committed to complying with applicable economic, environmental, labour, social and sanctions laws. We place the highest value on the trust we gain from our stakeholders, and by fully complying with all applicable regulations across the regions in which we operate, we maintain a strong foundation of trust.

GOVERNANCE

In addition to reputation damage, non-compliance may result in penalties or stop-work orders, ultimately affecting the Company's finances. To ensure compliance, we regularly review all applicable laws and regulations to update and implement the necessary policies and practices across the Group. We disseminate regulatory updates to the relevant employees to help them stay up to date with regulatory compliance requirements.

There were no significant fines in the reported period for non-compliance with laws in the environmental, social and economic area. We consider a fine significant if the amount of fine in total exceeds 2% of the Group's profit before tax in the reported period and or for an incident is more than $50,000.

WHISTLE-BLOWING POLICY

The Group maintains a whistle-blowing policy and procedure to enable staff and external parties to raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit and Risk Committee reviews the adequacy of the whistle blowing arrangements. The policy is communicated via the Staff Handbook and is also available on the Company's corporate website. On an ongoing basis, the whistle blowing policy is covered during staff training and periodic communication to all staff as part of the Group's efforts to promote fraud control awareness.

Please refer to page 120 in the Annual Report for more information about our whistle-blowing policy.

CERTIFICATIONS

Various businesses in the Group adopt relevant national and international standards to promote governance and quality of management. Some of the certifications obtained by our business divisions/segments are listed below.

Certifications	
Business Division/Segment	**Certification**
Building Construction • Chip Eng Seng Contractors (1988) Pte Ltd • CES Engineering and Construction Pte. Ltd.	ISO 9001:2015
	ISO 14001:2015
	ISO 45001:2018
	bizSAFE Star
	bizSAFE Partner
Infrastructure and Civil Engineering • CES_SDC Pte. Ltd.	ISO 9001:2015
	ISO 14001:2015
	ISO 45001:2018
	bizSAFE Star
	bizSAFE Partner
Precast Technology • CES-Precast Pte. Ltd.	ISO 9001:2015
	ISO 45001:2018
	bizSAFE Star
Water and Environmental Engineering • CES_Salcon Pte. Ltd.	ISO 9001:2015
	ISO 14001:2015
	ISO 45001:2018
	bizSAFE Star
Hospitality • Park Hotel Alexandra	ISO 45001:2018
	SG Clean Certified 2021
• Grand Park Kodhipparu	Green Globe Certified Member
	Safe Travels Stamp

GOVERNANCE

AWARDS AND RECOGNITIONS

Gaining external acknowledgement of our sustainability efforts through various awards and recognitions demonstrates our total commitment to issues such as safety, quality, and sustainable development. Listed below are the honours received in the last three years.

2021	Description/Award
Winner	WSH SHARP Award: Chip Eng Seng Contractors (1988) Pte Ltd (Sengkang N4C39/C40 – Fernvale Dew) WSH SHARP Award: Chip Eng Seng Contractors (1988) Pte Ltd (Bidadari C8/C9 – Woodleigh Glen)
Silver	SCAL Workplace Safety & Health Innovation Awards: Chip Eng Seng Contractors (1988) Pte Ltd – PPVC(P) (Sengkang N4C39/C40 – Fernvale Dew)
Certificate of Commendation	WSH Performance Award: CES Engineering & Construction Pte. Ltd.
Certificate of Commendation	WSH SHARP Award: CES Engineering & Construction Pte. Ltd. (Bidadari C6 – Alkaff Oasis) WSH SHARP Award: CES Engineering & Construction Pte. Ltd. (Bidadari C7 – Alkaff Oasis)
Certificate of Commendation	WSH Culturesafe: Chip Eng Seng Contractors (1988) Pte Ltd (Sengkang N4C39/C40 – Fernvale Lane) WSH Culturesafe: CES Engineering & Construction Pte. Ltd. (Bidadari C6/C7 – Alkaff Oasis)
Partner Award	WSH bizSAFE Partner Award: CES_SDC Pte. Ltd.
Certificate	One of the Singapore's Best Employers 2021 awarded by The Straits Times and Statista: Chip Eng Seng Corporation Ltd.
Winner	Top Ten Developers 2020 awarded by BCI Asia: CEL Development Pte. Ltd.

2020	Description/Award
Commendation	Commended for supporting the bizSAFE Program for more than a decade by the WSH Council: Chip Eng Seng Contractors (1988) Pte Ltd
Silver	WSH Performance (Silver) Award 2020: Chip Eng Seng Contractors (1988) Pte Ltd
Winner	WSH SHARP Award: Chip Eng Seng Contractors (1988) Pte Ltd (Bidadari C8/C9 – Woodleigh Glen)
Excellent	BCA Green and Gracious Builder Award: Chip Eng Seng Contractors (1988) Pte Ltd
Excellent	BCA Green and Gracious Builder Award: CES Engineering & Construction Pte. Ltd.
Excellent	BCA Green and Gracious Builder Award: CES_SDC Pte. Ltd.
Certificate of Commendation	WSH bizSAFE Star Certification: CES_SDC Pte. Ltd.

GOVERNANCE

2019	Description/Award
Winner	HDB Construction Safety Award (Building Category): Chip Eng Seng Contractors (1988) Pte Ltd (Woodlands N1C26 & C27 – Marsiling Green View)
Merit	HDB Construction Safety Award (Building Category): Chip Eng Seng Contractors (1988) Pte Ltd (Tampines N6C1A/1B – Tampines Green Ridges)
Winner	HDB Construction Award: Chip Eng Seng Contractors (1988) Pte Ltd (Tampines N6C1A/1B – Tampines Green Ridges)
Winner	WSH SHARP Award: CES Engineering & Construction Pte. Ltd. (Grandeur Park Residences at New Upper Changi Road/Bedok South Avenue 3)
Winner	WSH SHARP Award: Chip Eng Seng Contractors (1988) Pte Ltd (Woodlands N1C26 & C27 – Marsiling Green View)
Winner	WSH SHARP Award: CES Engineering & Construction Pte. Ltd. (Bidadari C6 – Alkaff Oasis)
Winner	WSH SHARP Award: CES Engineering & Construction Pte. Ltd. (Bidadari C7 – Alkaff Oasis)
Silver	WSH Performance (Silver) Award: CES Engineering & Construction Pte. Ltd.
Bronze	SCAL WSH Innovation Award: CES Engineering & Construction Pte. Ltd. – Smart MV Shaft Formwork (Grandeur Park Residences)
Certificate of Commendation	WSH CultureSAFE: CES Engineering & Construction Pte. Ltd. (Bidadari C6/C7 – Alkaff Oasis)
Certificate of Commendation	WSH CultureSAFE: Chip Eng Seng Contractors (1988) Pte Ltd (Bidadari C8/C9 – Woodleigh Glen)
Best of Category	LIAS (Landscape Industry Association Singapore) Award (Implementation – Residential category) (Tampines N6C1A/1B – Tampines Green Ridges)

Please visit our website http://www.chipengseng.com.sg/corporate/recent-awards/ to see the complete listing of our awards and commendations since 2010.

COVID-19 PROTECTION

As the COVID-19 pandemic continued into 2021, protecting our people, customers, visitors, suppliers, and contractors remained one of our top priorities. We continued working closely with the relevant authorities to comply with their virus containment measures and ensured the wellbeing of our staff across 15 economies who faced further lockdowns and movement restrictions.

Within our offices and workplaces, we continued with safety measures, including the mandatory use of face masks, safe distancing, temperature checks, and emergency procedures. Where necessary, we continued with virtual meetings to minimise physical proximity.

For employees who were eligible, we continued to support them with Work From Home arrangements, ensuring they had reliable and secure internet connections and the required devices such as laptops, monitors, software, printers and IT accessories to continue their work. We invested in upgrading our IT infrastructure by acquiring new remote access servers, additional laptops and VPN accounts and software licenses to support remote working.

GOVERNANCE

SAFETY MEASURES FOR OUR CONSTRUCTION AND PROPERTY BUSINESSES

To continue serving our home-buying customers, we maintained our adoption of Safe Management Measures ("**SMM**") at our showroom galleries in step with the various phases of COVID-19 restrictions. When sales galleries were ordered to close during the circuit-breaker lockdown period, we used the Company website and Zoom to facilitate virtual tours. We also organised virtual seminars to share information about various projects.

Our digitised sales process, including switching to digitised signatures on sales contracts, enabled us to carry on with our marketing activities with minimal disruption or need for physical meetings.

When show galleries were allowed to open in phase-2 from 19/6/2021, we implemented the necessary measures to minimise viral transmission risk. The procedures included regulating the capacity, pre-entry screening, safe distancing and enhanced hygiene. With the easing of some restrictions in phase 3 from 28/12/2021, we have revised the SMM to ensure continued compliance.

For the tenants renting our properties in Singapore, we provided rebates under the government's Rental Relief Framework to help alleviate some of their financial burdens during the pandemic.

All of our construction sites and factories continued to follow the required SMM, with Safe Management Officers and Safe Distancing Officers assisting in the coordination of SMM at their respective workplaces. The SMM were also continued at offsite worker dormitories. All sites utilised staggered times for reporting, breaks, meals, and departure and arrival times for transportation between worksite and dormitory to prevent possible overcrowding and congregation of employees at shared facilities. All sites for contact tracing mandated the use of TraceTogether App or Token with SafeEntry. The Ministry of Manpower's FWMOMCare App was used at worker's dormitories to monitor foreign workers' health status to ensure their wellbeing.

KEEPING OUR SCHOOLS SAFE

Our schools maintained the extensive measures introduced in 2020 to reduce the transmission risk and protect the students, the staff and visitors. The measures included staggered arrival and dismissal timing, temperature checks on arrival, use of face masks or shields by teachers and students, enhanced hygiene measures, frequent cleaning of buildings, regular hand washing and safe distancing in classrooms and during other activities. To promote awareness, our schools displayed reminder posters. Invictus International Schools in Singapore continued using protective screens at student desks to minimise physical contact.

Working closely with the Early Childhood Development Agency, all pre-school centres maintained stringent COVID-19 measures to protect students and staff in school premises. The arrangement of school furniture and floor markings helped assist the children and staff in maintaining safe distances. Online lessons and tutoring were continued, with parents being updated and engaged through a web-based app. The school management continued its online weekly "Happy Hour" to share strategies with parents for home-based learning and to gather feedback.

All International Schools as well as for the pre-school centre maintained similar measures mandated by the Community of Private Education. The Perse School (Singapore) continued to offer four hours of Home-Based Learning via Microsoft Teams Video Call. The school management also continued its weekly wellbeing session for students.

MEASURES AT OUR HOTELS

Measures implemented in 2020 for ensuring the health, safety and wellbeing of our employees, guests and business partners continued into 2021. These included elevated hygiene and protection protocols across our hotel properties, enhanced staff training, cleaning protocols and food safety measures, Safe Entry Management System, safe distancing measures, and compliance with government orders, guidelines, and advisories on COVID-19.

In Singapore, our Park Hotel Alexandra attained SG Clean certification by Enterprise Singapore and Singapore Tourism Board which rewards the highest hygiene and sanitation standards. Our property in the Maldives was granted with the "Safe Travels Stamp" by The World Travel and Tourism Council to provide confidence and assurance to travellers.

Our hotels in Australia have undergone our partner Accor's ALLSAFE global cleanliness and prevention standards to achieve the new ALLSAFE label.

Chip Eng Seng remains committed to working with our stakeholders, partners and regulatory agencies to keep our societies and economies safe from the COVID-19 pandemic. With 91% of the population in Singapore fully vaccinated at end February 2022, we can look forward to rebuilding our businesses for resilience and a sustainable future.

SUSTAINABILITY APPROACH

Ensuring sustainable business growth and creating long-term value for our stakeholders.

Our Group's vision is to improve lives by delivering value for living and work, and our mission is to invest strategically and sustainably to make a difference for all stakeholders. By incorporating specific and manageable sustainability targets into our core business strategies, we can ensure sustainable business growth, creating long-term value for our stakeholders.

Conducting our business with responsibility and integrity is central to our business model. From a humble beginning as a building sub-contractor for landed properties in the 1960s, Chip Eng Seng has evolved into a multinational conglomerate with businesses in construction, property development and investment, hospitality, and education.

As the Group has expanded and diversified into new business divisions/segments, we have continued to strive for excellence, with sustainability remaining at the core of our growth strategy. We have won numerous awards for workplace safety and health, construction quality, environment, productivity, innovation, and corporate transparency, including the Building and Construction Authority ("**BCA**") Green and Gracious Builder Award. We remain steadfast in managing our business activities' material environmental, social, and economic impacts to maximise our stakeholders' value.

Along with its challenges, the COVID-19 pandemic provided an opportunity to re-examine ways of working with our stakeholders, and to develop better, stronger approaches fit for the present and the future, and we have embraced the challenges it presented.

Now, the global sense of urgency surrounding climate change risk and climate action is calling for new approaches and greater environmental accountability from businesses across all industries, sectors and world regions. For our part, we will continue to invest in lower-carbon alternatives and technologies while increasing our renewable energy adoption in order to reduce greenhouse gas emissions across our businesses.

To further our sustainability efforts, we continually look for new products and materials that are more energy efficient or have lower greenhouse gas emissions, and we continue to explore new options with our supply chain partners.

We also continue our support for the UN SDGs, recognising that the need for building resilient, just and sustainable societies has become more critical than ever. In this report, we demonstrate which of the 17 goals we actively contribute to.

BUILDING CONSTRUCTION

Started out as a sub-contractor in the 1960s, the Group has grown to become a reputed main contractor for public and private sector projects today. Our commitment to green construction is a core aspect of our sustainability approach. We continue to apply green building standards, principles and technologies in our projects. We strive to use environmentally sustainable materials certified under the Singapore Green Labelling Scheme, and it is a pre-requisite for all of our sub-contractors and suppliers to meet the green product specifications before being invited for tender or supply. Learn more about our building construction business at https://www.chipengseng.com.sg/building-construction/

INFRASTRUCTURE AND CIVIL ENGINEERING

The Group extended its construction business into infrastructure and civil engineering in 2019 with the acquisition of CES_SDC Pte. Ltd. ("**CES_SDC**") (formerly known as Sembcorp Design and Construction Pte. Ltd.). With an established track record in civil, industrial and utilities infrastructure projects, CES_SDC offers a wide spectrum of engineering and construction services from tunnel boring to modular construction, and is capable of providing customised solutions. We are committed to embedding our green design and construction expertise into the infrastructure projects we design and build. We are engaged in several infrastructure projects which are essential for socio-economic development and environmental sustainability and play an important role in national development. Learn more about our infrastructure and civil engineering business at https://www.chipengseng.com.sg/business/civil-infrastructure/

PRECAST TECHNOLOGY

The Group has been in the precast concrete works technology business since 2003. In 2006, the Group incorporated a wholly-owned subsidiary, CES-Precast Pte. Ltd, to further extend its precast concrete works business with prefabricated prefinished volumetric construction ("**PPVC**") businesses to meet Singapore's growing demand for precast and PPVC components. Our precast concrete and PPVC concrete materials, used for residential, commercial, industrial and infrastructure projects, enhance productivity and safety. Learn more about our precast technology business at https://www.chipengseng.com.sg/business/precast-technology/

SUSTAINABILITY APPROACH

WATER AND ENVIRONMENTAL ENGINEERING

In 2021, the Group forayed into the water and environmental engineering business after acquiring wholly-owned subsidiary, Boustead Salcon Water Solutions Pte. Ltd. from Boustead Singapore Ltd. The rebranded entity, CES_Salcon Pte. Ltd. ("**CES_Salcon**"), will help the Group extend its existing infrastructure and civil engineering business footprint to include the design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. CES_Salcon started in 1980 as a trading company and steadily grew into a multi-disciplinary Engineering Procurement Construction in water and wastewater technology with installations in more than 80 countries, spanning various industries from the oil and gas, petrochemical, power to the semiconductor and municipal sectors.

In Singapore, water scarcity is an existential matter, and this has spurred us towards finding unique solutions to sustainable water management by reducing, reusing or recycling water. It initially requires system optimisation to reduce discharge, followed by process adaption to reuse the water and subsequently reclamation to recycle the wastewater. We have a successful track record of reclaiming some of the most severe wastewater in the tannery, textile, pulp and paper industry for the past 20 years, coupled with a few zero liquid discharge projects. We are also committed to partner with the plant's owner to reduce the carbon footprint of plant that the company is contracted to maintain.

3D PRINTING TECHNOLOGY

The Group has collaborated with a renowned Singapore University (Nanyang Technological University) since 2016 through CES_SDC to conduct targeted research on 3D printing technology and materials, identified as a transformational technology to improve productivity in the construction industry. Over the years, the research collaboration has yielded novel materials and methodologies that can synergistically integrate with the construction value chain.

In 2021, CES_INNOVFAB Pte. Ltd. was established to spearhead further development and production of concrete 3D printed Prefabricated Bathroom Units ("**PBUs**") and other innovative lightweight concrete based 3D printed products to complement the Group's construction business. Our innovative production method for PBUs does not require moulds compared to conventional concrete PBUs, resulting in reduced material wastage. Our 3D printing technology capabilities can be deployed for both on-site construction and off-site prefabrication. Furthermore, our products are manufactured using green cement, which comprises residual materials from other industries that are upcycled, thereby reducing the overall carbon footprint.

PROPERTY DEVELOPMENT AND INVESTMENT

The Group engages in property development and investment through its wholly-owned subsidiary CEL Development Pte. Ltd. ("**CEL**") and CES Capital Holdings Pte. Ltd. ("**CES Capital**") respectively. On its own and through joint ventures, CEL has developed a wide range of projects spanning residential, commercial, industrial and mixed-use development projects in Singapore, Vietnam and Australia. CES Capital invest in a diverse and risk-managed portfolio of commercial properties in Singapore, Australia and New Zealand. Our extensive experience in green construction has equipped us to develop buildings sustainably. Learn more about our property development and investment business at https://www.chipengseng.com.sg/property-development-and-investment/

EDUCATION

As part of its diversification plan, the Group forayed into the education business in 2018 through its wholly-owned subsidiary Sing-Ed Global Schoolhouse Pte. Ltd. The education division is largely categorised into pre-schools (including enrichment centres for preschoolers) and international school. It also invests in educational technology, including pedagogical resources, education software, online education, and education training and consulting services in Singapore and China. We are committed to providing holistic education in a sustainable environment to develop future-ready generations. Read more about our education business at https://www.chipengseng.com.sg/education/

HOSPITALITY

The Group engages in hospitality business through its wholly-owned subsidiary CES Hospitality Pte. Ltd. Our hotel properties in Singapore, Maldives and Australia are managed and operated by our hotel partners. We actively engage with our hotel partners to reduce the environmental impact through a range of initiatives such as energy efficiency, renewable energy, water conservation, food waste management and eliminating single-use plastic. Read more about our hospitality business at https://www.chipengseng.com.sg/hospitality/

SUSTAINABILITY TARGETS

Setting accurate targets is imperative for monitoring and achieving progress on sustainability actions. Therefore, we have established targets for our material ESG topics to monitor, review, and report our sustainability performance. Detailed disclosures about our performance against our targets can be found throughout this report.

STAKEHOLDERS

Trust from our stakeholders forms the foundation of all of our business activities.

Forging trusted relationships with our wide range of stakeholders, understanding their needs, and the potential impact they can have on our business is crucial for long-term sustainable growth.

We identify our stakeholders based on the extent to which they are affected by our business activities or their ability to influence our business goals. A good understanding of our stakeholders' views and opinions form an essential part of our business strategy. Although we did not directly engage any external group to prepare this report, insights gained from our ongoing engagement with various stakeholders has helped us determine our material ESG topics for reporting.

A summary of our stakeholder engagement is in the following table.

Stakeholder Groups	Topics and Concerns	Engagement Methods
Customers Construction, Property Development and Investment: Clients, Homebuyers and Tenants	**Clients** • Compliance with environmental and safety standards • Productivity and innovation **Homebuyers** • Good workmanship • Good quality and design • Prompt rectification • Clear communication • Timely completion of projects • Legal and contractual compliance **Tenants** • Workplace safety and health • Good management of facilities	• Regular project updates • Tenancy agreements • Customer service • Submission of performance survey reports • Website
Hospitality: Hotel Guests	**Hotel Guests** • Service quality • Safety and security • Food safety and hygiene	Our brand partners regularly engage hotel guests to ensure their stay is pleasant, comfortable and meets their expectations.
Education: Students and Parents	**Students and Parents** • Quality of education • Safety and security	The management of our schools engages parents through updates, notices and meetings. Teachers and school staff engage students through learning and extra-curricular activities.
Employees	• Safety, health and wellbeing • Training and development • Job security • Career advancement • Fair remuneration and rewards • Employee welfare • Work-life balance	• Regular meetings • Internal communication • Training opportunities • Performance reviews

STAKEHOLDERS

Stakeholder Groups	Topics and Concerns	Engagement Methods
Government and Regulators	• Regulatory compliance • Responsible business practices • Productivity and innovation • Sustainability reporting	• Compliance updates • Timely data reporting • Participating in stakeholder consultations by government agencies • Participating in government committees • Sustainability Reports
Investors and Shareholders	• Financial performance • Return on investment • Governance • Risk management • ESG performance • Sustainable business growth • Business diversification	• Regular updates through announcements on SGX-Net and our website • Annual General Meetings • Annual Reports • Sustainability Reports
Suppliers and Sub-contractors	• Clear specifications and instructions • Workplace safety and health • Timely payment according to contractual terms • Technical guidance • Timely provision of materials and equipment • Productivity and innovation • Site inspections	• Supplier policies and requirements • Tenders / Request for Proposal Agreements • Product presentations and seminars • Site inspections
Business Partners / Brand Partners / Licensing Partners (Hospitality and Education Divisions)	• Licensing policies • Brand guidelines • Business targets	• Regular meetings and updates • Reviewing performance reports
Community	• Minimal disruptions due to the Group's project work • Minimal dust, noise and vibrations from construction • Health and safety • Support for community programmes	• Advance notification of work schedule • Feedback systems in place • Regular updates through posting of notices and bulletins • Donations and sponsorships

MEMBERSHIP OF ASSOCIATIONS

Maintaining a network of peers provides the opportunity to share knowledge, expertise and remain up to date on forthcoming developments within our industries. We support various industry associations and forums through membership and participation in events and dialogues. These include:

- Singapore Business Federation
- Singapore National Employers Federation
- Singapore Institute of Directors
- Singapore Chinese Chamber of Commerce & industry
- The Singapore Contractors Association Limited
- Singapore Institute of Surveyors and Valuers
- Real Estate Developers' Association of Singapore
- Australian Hotels Association
- Tourism Council of Western Australia
- Accommodation Association of Australia
- Visit Mandurah
- Business Events Perth
- Member of Green Globe
- Maldives Marketing & Public Relations Corporation

MATERIALITY

Addressing the most material ESG impacts of our business operations is at the core of our sustainability strategy and reporting. We use a combination of international standards such as the GRI Standards, SASB Standards and the TCFD Recommendations to identify, assess and prioritise our ESG topics for reporting. We review our material ESG topics on ongoing basis.

The senior management is actively involved in the materiality assessment process and the Board reviews and approves the material topics for sustainability reporting.

In 2021, we reviewed our material ESG topics and mapped the key issues spanning our various business activities. Building on the most recent comprehensive materiality assessment in 2020, the annual review considered stakeholders' interests, reporting by peers and the major sustainability trends. The review also evaluated the relevant ESG topics for our various business divisions.

The detailed materiality assessment in 2020 was facilitated by an external sustainability expert. Senior management representatives from various business divisions participated in a materiality workshop to assess and validate the most significant ESG impacts, both positive and negative, from our operations.

MATERIALITY ASSESSMENT PROCESS

IDENTIFY	ASSESS	PRIORITISE	APPROVE
Identify negative and positive ESG impacts by examining business activities, value chain, stakeholders' interests and sector-specific issues	Assess the significance of impacts based on the severity and likelihood	Prioritise ESG topics based on the significance of the impact, experts' views and stakeholders' expectations	The Board reviews and approves material topics for reporting

An overview of our material topics and our management approach is presented in the table below.

Material ESG Factors			
Material Topics	**Our Involvement**	**Businesses Where the Impact is Material**	**Management Approach**
Our Environment			
Energy	Direct and through business relationships with sub-contractors, tenants and brand partners	• Building Construction • Civil Infrastructure • Hospitality • Education	Take energy efficiency measures in design, construction and management
GHG Emissions	Direct and through business relationships with sub-contractors, tenants and brand partners	• Building Construction • Civil Infrastructure • Hospitality • Education	Minimise GHG emissions during construction and in managing properties
Waste	Direct and through business relationships with sub-contractors, tenants and brand partners	• Building Construction • Civil Infrastructure • Hospitality	Minimise waste during construction and in managing properties

MATERIALITY

Material ESG Factors			
Material Topics	**Our Involvement**	**Businesses Where the Impact is Material**	**Management Approach**
Our Environment			
Water	Direct and through business relationships with sub-contractors, tenants and brand partners	• Building Construction • Civil Infrastructure • Hospitality • Education	Minimise water during construction and in managing properties
Environmental Compliance	Direct and through business relationships with sub-contractors, tenants and brand partners	• Construction Division • Hospitality	Comply with applicable environmental regulations
Our People			
Occupational Health and Safety	Direct and through business relationships with sub-contractors and brand partners	• All Business Divisions	Strive for a zero-accident workplace
Employment	Direct and through business relationships with our brand partners	• All Business Divisions	Build a fair and high performing workplace
Training and Education	Direct and through business relationships with our brand partners	• All Business Divisions	Provide ongoing opportunities for skills and personal development
Our Customers			
Customer Health and Safety	Direct and through business relationships with our brand partners	• All Business Divisions	Ensure health, safety and security of our customers
Customer Privacy	Direct and through business relationships with our brand partners	• All Business Divisions	Protect and safeguard personal data
Our Governance			
Anti-corruption	Direct and through business relationships with sub-contractors and brand partners	• All Business Divisions	Maintain zero tolerance for fraud and corruption
Regulatory Compliance	Direct and through business relationships with sub-contractors and brand partners	• All Business Divisions	Comply with applicable laws and regulations

MATERIALITY

CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 17 UN SDGs form a shared agenda for environmental improvement, social empowerment and greater equality. After aligning our ESG priorities with the UN SDGs, we identified eight goals to which our business actions contribute. We then established specific ESG targets that directly support the relevant UN SDGs targets. These goals underpin our support for sustainable development.

Material ESG Factors	Our Annual Targets	UN SDGs Supported
ENVIRONMENT • Energy • GHG Emissions • Waste (non-hazardous) • Water	**Building Construction** • Energy consumption intensity: < 0.49 GJ/m^2 • GHG emissions intensity: < 34.92 $kgCO_2/m^2$ • Water consumption intensity: < 0.90 m^3/m^2 • Construction waste intensity: < 30 kg/m^2 HDB Project, < 40 kg/m^2 Private Project **Hospitality** • Electricity consumption intensity: < 28.47 kWh/room night • Water consumption intensity: < 0.32 m^3/ room night **Education** • Electricity consumption intensity: < 67.00 kWh/m^2 • Water consumption intensity: Reduce to < 11.80 litre/population/day by 2023	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 6 CLEAN WATER AND SANITATION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
SOCIAL • Occupational Health and Safety • Employment • Training and Education	**Occupational Health & Safety** • Zero fatalities • Zero accidents • Zero occupational diseases **Turnover** Maintain employee turnover rate below the national average for the sector **Training** Average training hours: > 8.0 hours/employee	8 DECENT WORK AND ECONOMIC GROWTH 4 QUALITY EDUCATION
GOVERNANCE • Regulatory Compliance • Data Privacy • Anti-Corruption	**Compliance** • Zero incidents of non-compliance with applicable environmental and socio-economic regulations • Zero incidents of non-compliance with applicable data privacy law (Personal Data Protection Act) **Anti-Corruption** • Zero incidents of fraud or corruption	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

ENVIRONMENT

Minimising the environmental impact of our operations.

We have adopted wide-ranging policies and measures to minimise the environmental impact of our operations across our five business divisions.

BUILDING CONSTRUCTION

Our building construction business has the most potential for reducing our Group's environmental impact, and as such, we have adopted a Green and Gracious policy for this business to help focus and promote sustainability practices. In this manner we incorporate green design, sustainable materials, improved productivity through technology and innovation, pollution control, and efficient construction practices. We also engage our key stakeholders, including employees, building authorities, contractors and suppliers, to seek feedback and suggestions to improve our environmental performance.

We have identified the following material areas in which we can make the most gains in lowering our business activities' environmental impact: energy efficiency, emissions reduction, water conservation, and waste management. As part of our efforts to minimise environmental impact, we have adopted reduction targets for energy, GHG emissions, water and waste. Our teams closely monitor the performance by collecting and reviewing environmental data with periodic updates to the senior management and the Board.

Although our Green and Gracious policy is implemented in our building construction business, we practice environmental responsibility across all our other businesses.

Environmental Performance: Building Construction

Material ESG Factors	2019	2020	2021
ENVIRONMENTAL			
GHG emissions (tCO_2)	4,016	2,511	3,462
GHG emissions intensity ($kgCO_2/m^2$)	27.34	53.70	27.38
Electricity consumption (kWh)	827,756	1,476,197	1,738,984
Energy consumption (GJ)	56,462	33,061	46,287
Energy consumption intensity (GJ/m^2)	0.38	0.71	0.37
Waste (non-hazardous) (tonnes)	4,631	3,106	3,909
Waste (non-hazardous) intensity (kg/m^2)	31.53	66.41	30.91
Water consumption (m^3)	140,529	116,755	137,024
Water consumption intensity (m^3/m^2)	0.96	2.50	1.08

Note:
1. GHG emissions and energy data include purchased electricity and fuel consumption.

ENVIRONMENTAL MANAGEMENT SYSTEM

Taking a holistic approach to environmental management and quality and safety in our construction business, we have implemented a comprehensive Quality, Environmental, Health and Safety ("**QEHS**") system. This system covers various practices regarding the quality and safety of our products and services, the occupational health of our people, and actions to minimise our impact on the environment. Our ISO 14001:2015 certified Environmental Management System ensures accountability and continuous improvement, adhering to international standards.

ENERGY CONSUMPTION

Grid electricity and diesel consumption at our building construction sites constitute a significant part of our energy consumption. We also monitor electricity consumption at our head office. Our focus is on reducing our energy consumption intensity (the quantity of energy required per unit output or activity).

ENERGY EFFICIENCY MEASURES

In line with our environmental policy, we constantly look for ways to improve our operations' energy efficiency. In our building construction business, which accounts for most of our energy consumption, we continue to drive several energy-saving initiatives, such as:
- Using energy-efficient LED lights;
- Using 2-tick energy-saving air-conditioning units;
- Maintaining air-conditioning temperatures at 25°C;
- Reducing the number of power generators to reduce diesel consumption;
- Deploying energy-saving office printers;

ENVIRONMENT

- Running awareness campaigns to educate our employees on the individual actions they can take to save energy;
- Using window blinds to minimise the heat from outside and therefore reduce the air cooling requirements;
- Installing motion-detection sensors in toilets to switch lights on or off automatically and
- Powering our noise meters by solar PV.

In 2021, our building construction sites' absolute electricity consumption was 1,738,984 kWh compared with 1,476,197 kWh in the previous year. During the same period, our operations consumed 1.04 ML of diesel compared with 0.72 ML in the preceding year. In 2021, the total energy consumption intensity was 0.37 GJ/m² of gross floor area ("**GFA**") built compared with 0.71 GJ/m² in the previous year.

The electricity consumption was higher in 2021 than the prior year because of change from power generators to grid electricity at one of the project site that was into its final stage of construction as well as construction at three new projects had started to progress. The same period's energy consumption intensity was lower due to higher GFA completion, which resulted from more construction activities as more workforce was available.

Our Annual Target	Performance in 2021
Energy consumption intensity < 0.49 GJ/m²	0.37 GJ/m²
GHG emissions intensity < 34.92 $kgCO_2/m^2$	27.38 $kgCO_2/m^2$

TCFD Report

CLIMATE CHANGE

We recognise that climate change poses an existential threat to the planet. Rising global temperatures can trigger extreme weather conditions and events such as floods and hurricanes, droughts and heatwaves, and rising sea levels. These events directly impact food supplies, ecosystems, coastal stability, and public health. If not checked, climate change can have a devastating effect on economies and societies and the businesses that operate within them. It is widely accepted that there is a global urgency to transition to a lower-carbon economy.

As the world rallies to meet the required goal of limiting global temperature rise to well below 1.5° Celsius as set out in the Paris Agreement, at Chip Eng Seng, we are doing our part to reduce GHG emissions within our business activities.

We are working toward developing strategies to build climate resilience across our business divisions. The first step is to understand potential risks and opportunities from climate change and their financial impact on our businesses. We are using the TCFD framework to facilitate this understanding. With the support of an external consultant, we have carried out a qualitative analysis of the potential financial impact of climate change on our core business activities. We plan to undertake a more detailed climate-scenario analysis to develop a deeper understanding of the potential financial impacts of climate change on our businesses. With this, we will continue to broaden our TCFD reporting.

Based on the TCFD Recommendations, our first-time climate-related disclosures are presented below.

GOVERNANCE

At Chip Eng Seng, the Board has overall responsibility for the Group's sustainability strategy, including climate-related risks and opportunities. The Board regularly evaluates potential climate-related risks and opportunities as part of the comprehensive risk assessment and maintains strategic risk management oversight. The Board also determines material ESG factors, including climate-related metrics and targets.

The Board is supported by the Group's SMC, which supervises the adoption and implementation of climate strategies and policies and provides regular updates to the Board. The SMC is chaired by the Group's chief executive officer, with the Group's chief financial officer as the deputy chair. The SMC comprises senior business leaders from across businesses.

The Board attended a climate risk workshop in December 2021 to start building the necessary capabilities for managing climate-related risks and opportunities across businesses.

STRATEGY

Our strategy is to transform Chip Eng Seng into a climate-resilient and future-fit business. Our overarching climate strategy is to identify, assess and mitigate climate-related physical risks and transition risks to our various business divisions. At the same time, we recognise that the global transition to a lower-carbon economy by 2030 and a net-zero state by 2050 presents a range of opportunities for our businesses. We expect our climate strategy to evolve as we progress with a deeper analysis of risks and opportunities over the next two years.

ENVIRONMENT

Each of our businesses is developing and adapting its business strategy to mitigate climate risks and embrace climate-related opportunities. Our approach is to reduce GHG emissions across our businesses to lower our operational footprint.

As buildings account for nearly 40% of the global GHG emissions, we recognise our responsibility to play our part in reducing GHG emissions from the built environment. In our building construction, property development, civil infrastructure, 3D printing technology and precast technology businesses, we continue to adopt green construction materials, methods, and green technologies to minimise the impact on climate. We engage with our hotel operator partners to minimise and monitor environmental impact in our hospitality business. Across all of our businesses, energy efficiency and water conservation are central to our environmental management efforts.

RISK MANAGEMENT

Based on TCFD risk types and classification, we have conducted an analysis covering the following two risk categories:

Physical risks: Physical risks are associated with event-driven acute risks including increased severity of extreme weather events, such as cyclones, hurricanes, or floods, and chronic risks arise from longer-term shifts in climate patterns such as rising temperatures that may cause sea level rise or chronic heat waves.

Physical risks may cause a financial impact on businesses, such as direct damage to assets and indirect impacts from disruption to business operations.

Transition risks: Risks associated with extensive policy, legal, technology, and market changes required to transition to a low carbon economy. Transition risks may have financial and reputational implications for businesses.

Climate-Related Risks	
Risk Type	**Description**
Physical Risk	
Acute Increased severity of extreme weather events such as cyclones and floods	Higher flood risk can potentially damage our investment properties and hotel properties and disrupt operations resulting in loss of revenue. A higher risk of floods and cyclones can also increase our insurance costs.
Chronic Changes in precipitation patterns and extreme variability in weather patterns	A warming climate can increase thermal stress and a health risk for our employees and workers working on construction and other projects requiring prolonged outdoor working.
Rising mean temperatures	Rising temperatures will lead to longer dry spells and likely exacerbate water stress. This could result in higher water costs and water efficiency investments, and conservation in our hotel properties to ensure water availability.
Transition Risk	
Policy and Legal	Increasing regulations around climate reporting, higher energy efficiency requirements, and carbon tax could increase compliance costs and the cost of property enhancements.
Technology	The need to transition to new low carbon technologies across our businesses such as building construction, civil infrastructure projects, property development, and hotel properties could increase costs.
Market	Rising energy and water costs could increase the overall cost of operating. Changing customer preferences such as demand for green real estate could affect the yields of high carbon investment properties. Inability to meet guests' sustainability expectations could make our hotel properties less attractive as demand for eco-tourism grows due to increased awareness of climate change.
Reputation	Carbon intensive operations and lower ESG ratings can affect the corporate reputation.
Climate-Related Opportunities	
Resource Efficiency	Enhancing energy efficiency and water conservation in our operations and hotel properties can reduce costs. The saving could be substantial in a high energy price environment.
Energy Sources	Adopting renewable energy such as solar power at construction sites and in our hotel properties could enhance our energy resilience and reduce our carbon footprint.
Products and Services	A range of opportunities exists across our businesses. Providing green design, engineering and construction services could enhance our competitiveness. Investment properties with green building certifications and higher energy efficiency can achieve a rental premium. In our hospitality business, properties with high sustainability credentials can attract more guests looking for eco-friendly hotels.

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METRICS AND TARGETS

We currently report the Scope 1 & 2 emissions for our businesses. We have also established targets for GHG emission reduction and report our performance against these targets. We plan to develop a process to assess, validate and monitor our material Scope 3 emissions. In addition, we have adopted water efficiency targets, and we report our water performance against these targets.

You will find more information about our climate-related metrics and targets on the following pages.

GHG EMISSIONS

The majority of GHG emissions within our operations arise from our use of electricity and fuel (diesel), of which carbon dioxide (CO_2) is the primary gas. Our construction division account for the majority of our carbon footprint and our efforts are aimed at reducing GHG emissions intensity within this business division. One measure we have taken is to reduce the number of power generators we use, which in turn reduces our diesel consumption.

We monitor our GHG emissions regularly and report Scope 1 direct emissions and Scope 2 indirect emissions in line with the GHG Protocol and the GRI Standards. Our Scope 1 direct emissions from diesel refer to stationery combustion for power generation at construction sites. Scope 2 emissions are from purchased electricity.

In 2021, the total GHG emissions (Scope 1 and 2) from building construction activities was 3,462 tonnes, compared with 2,511 tonnes in 2020. For GHG emissions intensity, we had set a goal of < 34.92 $kgCO_2/m^2$ for 2021. Our actual GHG emission intensity for 2021 was 27.38 $kgCO_2/m^2$ which was lower than the GHG emissions in 2020 of 53.70 $kgCO_2/m^2$.

The absolute GHG emissions in 2021 was higher due to higher consumption in electricity and diesel as more building construction activities are carried out. The GHG emissions intensity was lower due to higher GFA completion as operations pick up with the relaxation of COVID -19 restriction and ease of border control that paved entry of more construction workers.

Scope 1 direct emissions from diesel consumption accounted for 79.5% of our total GHG emissions, i.e. 2,753 tonnes at building construction sites in 2021.

Our Scope 2 emissions of 709 tonnes resulted from purchased electricity.

BUILDING MATERIALS AND SUSTAINABLE CONSTRUCTION

Our choice of building materials and the processes we use in our building construction business play an important role in the overall sustainability of our buildings. Ensuring efficiency, productivity and reducing waste are key components of our sustainability strategy. Increasingly, we use precast concrete walls, improving productivity and reducing pollution at the construction site. We also strive to use sustainable building materials that meet the Green Mark criteria established by the BCA or have been awarded the Singapore Green Label.

Building materials used at our building construction projects over the past three years are as follows:

Quantity of Materials Used			
Material (tonne)	2019	2020	2021
Sand	50,978	27,837	48,027
Cement	25,489	13,918	24,014
Steel	13,464	7,052	15,725

WASTE MANAGEMENT

Our construction waste from building construction projects mainly comprises non-hazardous waste. Our approach is to reduce, reuse and recycle materials to minimise waste. We engage licensed waste management contractors to safely dispose our waste following the applicable regulations.

Total non-hazardous waste generated in 2021 was 3,909 tonnes compared to 3,106 tonnes in 2020 as higher construction activities was carried out. However, the overall waste intensity decreased from 66.41 kg/m^2 in 2020 to 30.91 kg/m^2 in 2021 as higher GFA was completed.

Our Annual Target	Performance in 2021
Construction waste intensity HDB projects: < 30.00 kg/m^2	26.45 kg/m^2
Private projects: < 40.00 kg/m^2	92.18 kg/m^2

REDUCING OUR ENVIRONMENTAL IMPACT THROUGH SMART DESIGN

We integrate several BCA Green Mark elements in our projects and use Singapore Green Label products to reduce our environmental impact.

Our projects feature recycling bins at the void deck area of residential blocks, covered bicycle parking lots to facilitate the use of cycling among residents, internal waterproofing, interlocking concrete pavers and paving material, earth retention & slope protection material, subsurface drainage cells, calcium silicate board for false ceiling and protection of gas pipes, tile grout, concrete kerb, internal skin coat, aluminium composite panels, roof and gutter waterproofing, green-certified tile adhesive and polyurethane enamel paint system to steelworks.

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RESPONSIBLE WATER STEWARDSHIP

We are committed to responsible water stewardship throughout our operations and have implemented policies and measures to ensure the efficient and responsible use of water consumption at the properties we manage. Implementing conservation initiatives such as water-efficient taps and fittings and dual flush closets with a 3-tick rating by the Public Utilities Board helps residents to conserve water in our properties. Applying eco-friendly natural products for toilet cleaning within the properties we manage is a further example of our water measures, along with using only Singapore Green Label cleaning products in our canteens.

At our building construction sites we use precast concrete to reduce onsite water consumption significantly, and we install silty water treatment systems to help prevent water contamination. We also harvest rainwater to reduce the demand for fresh water; and reuse and recycle water wherever possible.

Our Annual Target	Performance in 2021
Water consumption intensity < 0.90 m^3/m^2	1.08 m^3/m^2

In 2021, our water consumption at building construction sites was 137,024 m^3 compared with 116,755 m^3 in 2020. For the same period, water consumption intensity was 1.08 m^3/m^2 and 2.50 m^3/m^2 respectively. The water consumption intensity was lower due to higher GFA completion. Our water consumption intensity target for the building construction business remains 0.90 m^3/m^2.

WASTEWATER MANAGEMENT

Due to the presence of oil, chemical drums and bulk storage tanks at construction sites, it is imperative to have strict measures in place to prevent water contamination and reduce and responsibly manage the wastewater runoff that occurs. Wastewater is collected, treated and discharged according to environmental regulations, and we implement the required earth control measures to manage silty discharge due to rain. We also reuse wastewater and rainwater to wash vehicles before leaving the construction site, keeping the roads clean.

POLLUTION CONTROL

We are committed to reducing noise, dust and vibrations resulting from construction activity, vehicles, heavy equipment and machinery at our construction sites. We follow regulatory guidelines and industry best practices for lowering pollution.

Our measures include continuous monitoring of our construction operations and ensuring regular maintenance of the equipment and machinery to keep noise levels within safe and permitted limits. We use precast concrete panels fabricated offsite, which also helps mitigate noise at our construction sites. We implement measures to ensure that vibrations caused by piling and demolition do not exceed permitted limits.

Any construction work involving concrete, cement, wood, stone, and silica will produce dust. To counteract this common issue, we install fine mesh screens and use water sprays to stop the dust from dispersing, to limit dust pollution.

Keeping the local communities up to date and informed of our work and construction schedules is important for helping minimise disruption. Our project team gets in touch with the neighbouring community, including building owners and managing agents, before the project starts. The contact numbers and email addresses of key personnel such as the project manager and environmental control officer are shared with them as a direct feedback channel for any environmental issues. We also paste our contact information at lift lobby and notice board of nearby public residential buildings as well as at the project boundary hoarding. Any public pollution-related complaints are promptly addressed.

REGULATORY COMPLIANCE

Complying with applicable laws is a top priority for the Group, vital for maintaining our stakeholder trust and avoiding non-compliance penalties, stop-work orders, and reputation damage. To ensure compliance, we regularly review environmental and public health regulations to update and implement the necessary policies and practices. Our target remains to have zero incidents of environmental related fines.

In 2021, total ESG related offences or non-compliance fines amounted to approximately $152,000. We have since taken corrective measures to prevent the recurrence of these problems.

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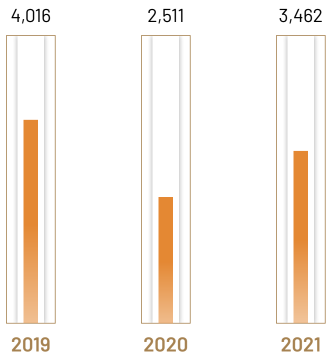
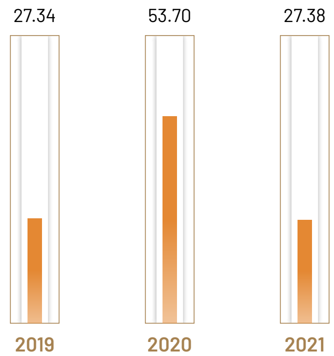
ENVIRONMENTAL PERFORMANCE AT A GLANCE

Performance data in the following charts refer to our Building Construction business unless indicated otherwise. The amount of energy and water used and the amount of waste and wastewater generated varies with construction phases. The annual consumption trends may not be entirely comparable as energy and water consumption tend to be higher during a project's middle stages.

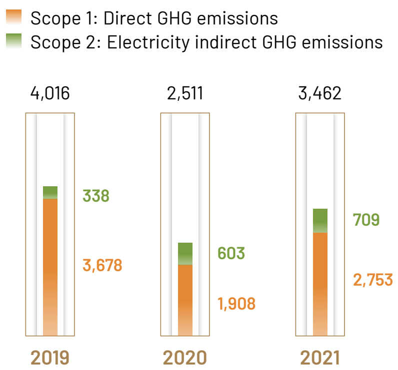
GHG Emissions - Building Construction Sites (tCO_2)



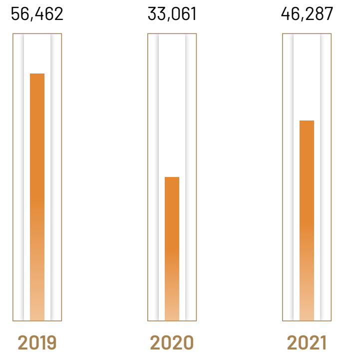
GHG Emissions Intensity - Building Construction Sites ($kgCO_2/m^2$)



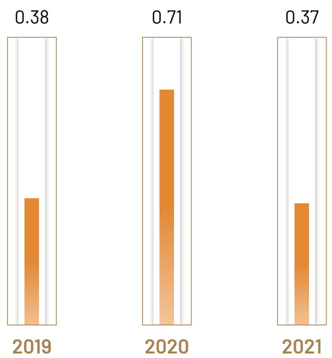
GHG Emissions by Scope (tCO_2): Building Construction Sites



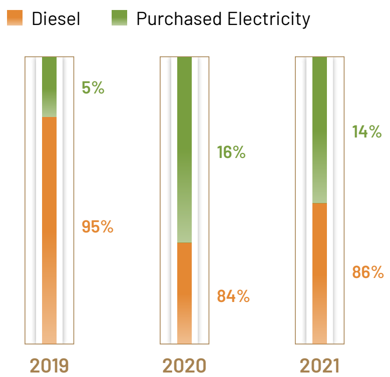
Energy Consumption - Building Construction Sites (GJ)



Energy Intensity - Building Construction Sites (GJ/m^2)

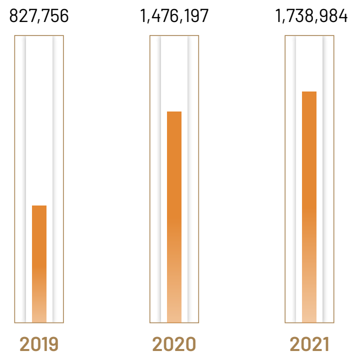


Energy Consumption by Source - Building Construction Sites

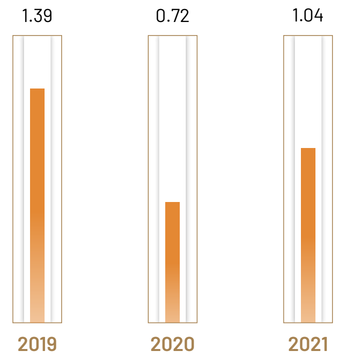


ENVIRONMENT

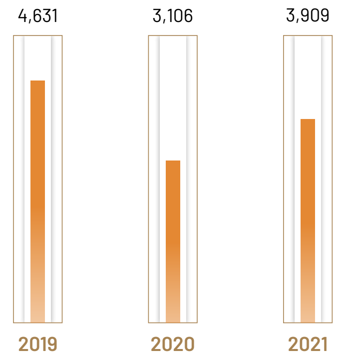
Electricity Consumption - Building Construction Sites (kWh)



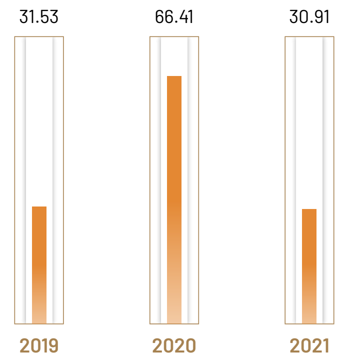
Diesel Consumption - Building Construction Sites (ML)



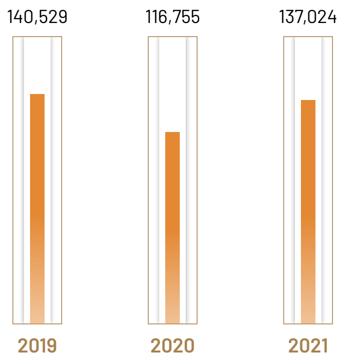
Waste (non-hazardous) - Building Construction (tonne)



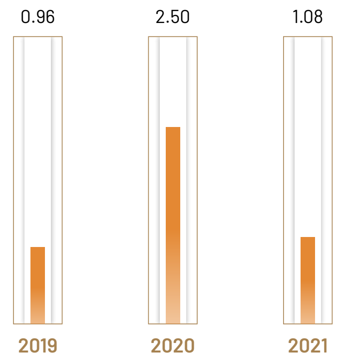
Waste (non-hazardous) Intensity - Building Construction (kg/m^2)



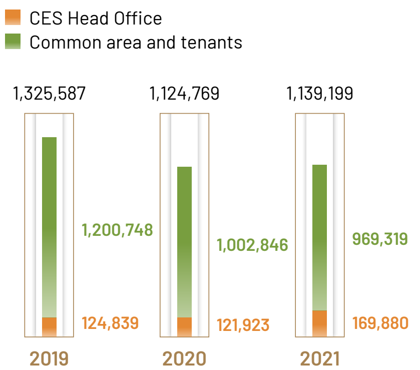
Water Consumption - Building Construction Sites (m^3)



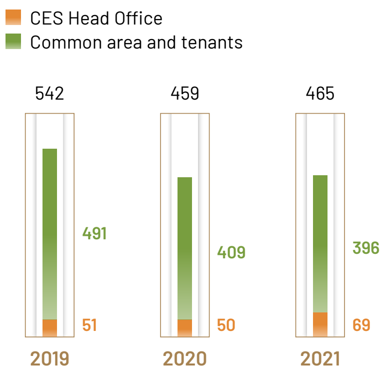
Water Consumption Intensity - Building Construction Sites (m^3/m^2)



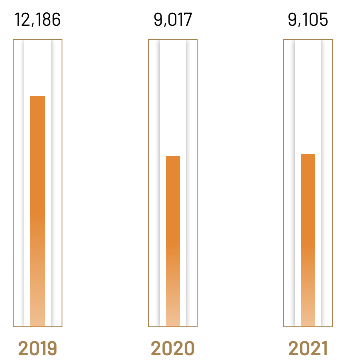
Electricity Consumption - CES Centre (kWh)



GHG Emissions - CES Centre (tCO_2)



Water Consumption - CES Centre (m^3)



ENVIRONMENT

PROPERTY DEVELOPMENT

We leverage the Group's extensive experience in construction and engineering to develop high-quality, sustainable residential, commercial and industrial properties.

GREEN MARK

Our following projects have achieved the BCA Green Mark Certifications:

Project	BCA Green Mark
Parc Komo	Green Mark
Park Colonial	Green Mark
Kopar at Newton	Green Mark Gold

INFRASTRUCTURE AND CIVIL ENGINEERING

Chip Eng Seng extended its construction business into civil infrastructure in 2019 with the acquisition of Sembcorp Design and Construction Pte. Ltd. and the acquired company was renamed as CES_SDC Pte. Ltd. As a design and build construction service provider, CES_SDC offers a broad spectrum of engineering and construction services from tunnel boring to modular construction, with an established track record in civil, industrial and utility infrastructure projects.

CES_SDC is committed to minimising its environmental footprint. In line with its commitment, CES_SDC has obtained the ISO 14001:2015 for its environmental management system.

CES_SDC has adopted several measures to reduce the environmental impact of our projects. Some of the common measures include:

WATER CONSERVATION

- Monitoring water consumption;
- Onsite water treatment and recycling;
- Onsite rainwater harvesting for reuse in construction activities such as cleaning and concrete mixing and
- Water-efficient fittings to save water.

ENERGY EFFICIENCY

- Monitoring energy consumption;
- Preference for using energy-efficient appliances, equipment and devices;
- Employee awareness for promoting responsible energy use;
- Energy-efficient LED lighting;
- Climate-friendly 5-tick air-conditioning equipment;
- Solar lights at construction sites and
- Solar panels to power onsite security cameras.

WASTE REDUCTION

- Reduce and recycle construction waste;
- Segregation of waste onsite to separate metal waste, construction waste, and organic waste;
- Adopt system and technology to reduce scaffolding/ system formwork for column/ table formwork for beams and slabs;
- Extensive use of precast segments that reduces construction waste and dust;
- Use prefabrication rebar cage system to reduce rebar wastage at site;
- Reuse materials such as GI pipe, rebar, angled bar/GI pipe, and hollow sections for other purposes at the site as cable holders, demarcation, foot wear holder, flower pot holder, fire extinguisher holder and safety boot holder and
- Reuse pails, timber, bottles for plantation, cable drums and timber as a cosy table, damaged sunny hose as a silt trap.

PROTECTING BIODIVERSITY

Our policy is to minimise negative impact on flora and fauna from our infrastructure and civil engineering projects in or near ecologically sensitive areas such as nature reserves, nature areas, areas of biodiversity interest and all coastal and marine development projects. For such projects, we conduct a comprehensive Biodiversity Impact Assessment ("**BIA**") using relevant guidelines such as the Biodiversity Impact Assessment Guidelines issued by the National Parks Board, Singapore. Based on the BIA, we implement an Environmental Monitoring and Management Plan ("**EMMP**"). We engage biodiversity experts to assist us in developing, implementing and monitoring the EMMP.

Our EMMP measures to protect fauna could include:

- Passive wildlife shepherding;
- Maintain hoarding integrity;
- Pre-felling fauna inspection;
- Use fully biodegradable Erosion Control Blankets;
- Ensure no fauna entrapments;
- Wildlife-proof food waste bins;
- Monthly fauna inspection by biodiversity experts;
- Regular checks to ensure compliance and
- Wildlife response plan.

Our EMMP measures to protect flora could include:

- Pegging of boundary line before site clearance;
- Arboriculture works and
- Monthly flora inspection by biodiversity experts.

ENVIRONMENT

We plan to establish ESG targets for CES_SDC in the coming year.
Environmental performance data in CES_SDC is as follows:

Infrastructure and Civil Engineering		
Performance Summary	**2020**	**2021**
GHG emissions (tCO_2) Scope 1 and 2	1,277	761
Diesel consumption (l)	152,099	221,246
Electricity consumption (kWh)	2,141,331	425,073
Energy consumption (GJ)	13,580	10,070
Waste (non-hazardous) (tonnes)	301	460
Water consumption (m^3)	74,707	13,793

PRECAST TECHNOLOGY

Below data is for precast factory in Senai Malaysia our main precast production factory.

Precast Technology		
Performance Summary	**2020**	**2021**
GHG emissions (tCO_2) Scope 1 and 2	246	285
Diesel consumption (l)	63,288	63,880
Electricity consumption (kWh)	190,451	284,020
Energy consumption (GJ)	2,206	3,865
Waste (non-hazardous) (tonnes)	42	82
Water consumption (m^3)	30,667	31,423

WATER AND ENVIRONMENTAL ENGINEERING

Water covers an estimated 71% of the world's surface. However, only around 0.01% of the world's water can be used to cover the needs of humanity. Yet, nearly half of the water used by the world is wasted because of inefficient usage. Our Group company CES_Salcon is on a mission to revitalise the world's water resources using the most advanced water and wastewater engineering and technology.

Certified with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, CES_Salcon is a leading international water and wastewater engineering specialist. CES_Salcon has designed and constructed more than 800 industrial and municipal water and wastewater treatment plants in 60 countries globally. We remain focused on providing energy-efficient water and wastewater solutions.

Industrial wastewater may contain high levels of chemicals, effluents and toxins which are extremely harmful to humans and the environment. Our purpose-built treatment solutions convert industrial wastewater into a form that can be safely released into the environment or recycled and reused.

Our municipal water and wastewater treatment solutions bring clean and safe drinking water to communities. We engineer solutions for the proper treatment and disposal of municipal wastewater and sewage. Our dual objectives are to provide communities with access to clean and safe drinking water, while also ensuring that the wastewater generated by these communities does not harm ecosystems and is recycled for reuse.

PROTECTING THE ENVIRONMENT

A number of wastewater treatment plants we have designed and constructed are helping conserve precious water resources worldwide. Here are two examples:

In Saudi Arabia, King Salman Marine Shipyard - Industrial Wastewater Treatment Plant is designed to treat and recover the wastewater generated from shipyard. The plant has the capacity to treat about 300,000 m^3 of water per year to safe levels before reuse in cooling tower system and/or before discharging into the sea.

The wastewater treatment plant at Farabi Petrochemicals in Saudi Arabia has the capacity to treat about 230,000 m^3 water per year to safe levels before discharge into the sea.

ENVIRONMENT

HOSPITALITY

The Group owns hotel properties in Singapore, the Maldives and Australia. Our properties are operated and managed by our hotel partners. We work closely with our operator partners to maintain high environmental standards at our hotel properties. Together with our hotel partners, we monitor our properties' environmental performance against key indicators. The data presented here has been provided by our hotel partners.

Environmental performance data for the Park Hotel Alexandra, Singapore, is presented below.

Performance Summary	2019	2020	2021
GHG emissions ($kgCO_2$)	1,657,128	1,468,529	1,119,711
GHG emissions intensity ($kgCO_2$ /room night)	11.67	14.76	37.84
Electricity consumption (kWh)	4,056,616	3,599,336	2,744,390
Energy consumption (GJ)	14,604	12,958	9,880
Electricity consumption intensity (kWh/room night)	28.58	36.17	92.74
Water consumption (m^3)	46,101	27,514	12,101
Water consumption intensity (m^3/room night)	0.32	0.28	0.41

Note:
1. Carbon emissions and energy refer to Scope 2 (purchased electricity)

ENVIRONMENTAL TARGETS

Our annual targets at Park Hotel Alexandra are as follows:

- Electricity consumption intensity: < 28.47 kWh/room night
- Water consumption intensity: < 0.32 m^3/room night

We plan to include waste-related data for our hotel property in future reports.

SUSTAINABILITY AT PARK HOTEL ALEXANDRA, SINGAPORE

Park Hotel Alexandra, the Group's hotel property in Singapore, closely monitors its sustainability performance to make continuous improvements. The hotel tracks energy and water consumption, carbon emissions, and waste for regular reviews.

The hotel is using technology that improves productivity and guest experience while reducing cost and environmental footprint. In 2021, the hotel implemented an E-registration card via QR code for guests to fill up their particulars prior to arrival or while waiting in the queue for check-in. This significantly reduces the time taken during check-in process. Guests can use the Vouch App via QR code to book a timeslot for breakfast and facilities during their stay. This initiative increases productivity by reducing our manpower while adhering to the SMM guidelines for protection from COVID-19. These initiatives significantly reduce the use of paper, ink and electricity needed for printing, saving more than S$60,000 in 2021.

The hotel also sends after-use cooking oil from its kitchens for recycling through a waste management company.

The safety and health of our employees, contractors and guests is a top priority. The hotel has obtained the ISO 45001:2018 Certification for its occupational health and safety management system, the reputed international workplace health and safety standard.

ENVIRONMENT

GRAND PARK KODHIPPARU, MALDIVES
ADVANCING SUSTAINABLE TOURISM

Grand Park Kodhipparu, the Group's resort property in the Maldives, has placed sustainability at the core of its business model. The resort's strategy is not only improving its sustainability performance, it is also reducing cost of operations.

ENVIRONMENT

Green Globe Standards for Sustainable Tourism
As a member of the Green Globe Standards for Sustainable Tourism Certification, Grand Park Kodhipparu has committed to operating to the highest level of sustainability. Here is an overview of the resort's accomplishments:

Harnessing Solar Power
The resort inaugurated its solar power system on 22 April 2021, the Earth Day. The power system can produce an estimated 478,080 kWh of clean energy for the resort annually. This initiative will significantly reduce the island resort's carbon emissions, saving up to 150,000 litres of diesel fuel annually. The emission reduction is estimated to be about 172 tonnes of carbon dioxide (CO_2). The reduction is equivalent of planting 236 trees. Replacing fossil fuel with solar power will also reduce energy cost for the resort.

Water Conservation
The resort has installed an on-site bottling plant to replace plastic bottles and to protect the marine life, reefs and serene oceans of the Maldives from plastic pollution. Drinking water from the bottling plant is filled in recyclable glass bottles for guests and staff members. The bottling plant has helped the resort eliminate the use of over 10,000 plastic water bottles per month. The initiative has also saved more than $30,000 since the launch of the plant in September 2019.

Eliminating Single Use Plastic
Reusable Straws: The resort replaced plastic straws with biodegradable paper straws in September 2018. The initiative has helped prevent an estimated 8,000 pieces of plastic entering the resort's waste stream monthly. In January 2020, the resort introduced reusable stainless steel straws to replace paper straws. Team members at the F&B outlets encourage guests to either drink directly from a glass or use a reusable straw.

Food Waste: Reducing food waste from cooked or uncooked food is one of the initiatives undertaken by the resort. The resort has started tracking food waste from the kitchen, staff cafeteria, guest villas and restaurants. Efforts are being made to minimise food waste. The resort is also planning to invest in Liquid Food Composters which convert solid food waste into drain-safe wastewater through bio-digestion at a low cost.

Toiletries: Liquid bathroom amenities such as shower gel and shampoo are provided from bulk dispenser bottles to prevent the use of individual small plastic bottles. The resort's plans include replacing other plastic amenities such as toothbrush to those made from wood.

Plastic bags: The resort provides paper laundry bags in guest rooms in place of plastic bags.

Reef-Safe Sunscreen
The resort provides a reef-safe sunscreen to guests, divers and snorkellers to protect the marine life from the harmful effects of two chemicals, oxybenzone & octinoxate found in common sunscreens. The reef-safe sunscreen helps safeguard the precious coral life around the island.

Herb Garden and Orchid Nursery
As part of its sustainability efforts on the island, the resort established a herb garden and an orchid nursery in 2021. The garden provides healthy and organic produce such as pepper, chilli, basil, eggplants and pomegranate. The orchid nursery nurse more than 600 orchid plants from 14 different varieties of orchids such as dendrobium and gramathopilam.

Guest Education
The resort has a Resident Marine Biologist who educates guests on the marine life living around the island and how to best access the islands coral reef, as well as providing guided snorkelling tours and presentations.

ENVIRONMENT

CORAL REEF PROTECTION

Since its opening in 2017, our Grand Park Kodhipparu resort in Maldives has established several coral gardening projects, where coral pieces from the House Reef are attached to purposely built underwater structure. One of the first sights many guests see upon arriving at the resort is an artificial reef installed below the reception deck. This tunnel-shaped metal frame had several small pieces of coral attached to it during the first year of resort operations and is now attracting additional marine life such as juvenile fishes with the growth of these into larger colonies, some of which are already around twenty centimetres in diameter.

Some of the coral protection measures taken by the resort are as follows:

Coral Reef Restoration

The goal is to regrow corals in areas where populations have diminished or lost, impacted by bleaching and sedimentation. This is achieved through methods such as collecting and rehabilitating naturally broken coral fragments. The restoration will be implemented over two phases starting from rescuing coral juveniles which had been recruited to unstable substrate in the coral nursery to starting a coral tree, which is a nursery for branching coral. A coral tree in this arrangement uses a small underwater footprint to grow many corals as once.

Coral Frame Plantation

This is based on a gardening concept of restoring coral reef through asexual propagation to increase coral coverage and complex structure. Coral frames are beneficial as they can grow coral in places where coral is unable to grow, such as sandy areas.

Marine Management Areas

The research zone will be implemented in the future once the coral reef restoration and coral frame plantation are in place. Guests can participate in the research and be involved in data collection which will allow them to see the different dimensions of the coral reef conservation. This will help to encourage and promote responsible snorkeling.

ENVIRONMENT

EDUCATION

Chip Eng Seng entered the education business in 2018 through its wholly-owned subsidiary Sing-Ed Global Schoolhouse Pte. Ltd. In line with our Group's sustainability approach, we are committed to minimising our schools' environmental impacts.

Some of the initiatives at our various schools include:

Environmental Awareness: Environmental topics have been integrated into the school curriculum to create awareness about environmental issues.

Recycling: Recycling bins in schools facilitate the recycling of materials and build awareness among the school community.

Energy Saving: Lights are set to turn off after 5 pm automatically, and motion sensors are activated to conserve energy.

SUSTAINABILITY PERFORMANCE

We have implemented a sustainability data management process to collect and monitor environmental performance. Last year, we had reported environmental data for our schools in Singapore. This year's data also includes our overseas schools. Due to the addition of schools, the absolute consumption figures are higher and not comparable with previous years. Our current priority is to expand our data coverage progressively.

Environmental performance data for our schools in Singapore and overseas that have operated substantially during the reported years are presented in the following table.

Performance Summary	2019	2020	2021
GHG emissions ($kgCO_2$)	170,255	175,597	702,939
GHG emissions intensity ($kgCO_2/m^2$)	27.41	14.98	13.04
Electricity consumption (kWh)	416,780	430,384	1,722,890
Electricity consumption intensity (kWh/m^2)	67.09	36.67	31.96
Energy consumption (GJ)	1,500	1,549	6,202
Water consumption (m^3)	4,890	5,835	21,710
Water consumption intensity (litre/population/day)	11.35	13.91	23.50

Notes:
1. GHG emissions and energy data refer to Scope 2 (purchased electricity).
2. Water consumption intensity = Annual water consumption divided by (school population x no. of days in a year); school population includes number of students and staff.
3. 2021 data includes our overseas schools for the first time, while the figures for 2019 and 2020 covered only Singapore schools. Therefore, the figures for three years are not comparable.

ENVIRONMENTAL TARGETS

Our annual target and performance at Singapore schools are as follows:

Our Annual Target	Performance in 2021
Electricity consumption intensity: < 67.00 kWh/m^2	58.90 kWh/m^2
Water consumption intensity: Reduce to < 11.80 litre/population/day by 2023	11.85 litre/population/day

PEOPLE

We are committed to promoting a safe, inclusive and fair workplace where our people can realise their full potential.

Our people are our most valuable asset. Our ability to attract and retain talented people to deliver high-quality projects and services is crucial for our success. Our human resource policies promote a professional working environment built on mutual respect and trust. Ensuring safety at project sites and factories remains our foremost priority.

EMPLOYMENT

At end of 2021, our construction, property development &investment, corporate and education divisions employed 1,152 employees of which 1,150 were full-time employees and 2 were part-time employees.

Female employees occupied 39% of the managerial and supervisory roles in 2021 compared with 35% in the prior year.

We also employed 564 foreign construction workers on fixed-term contracts in Singapore and Malaysia.

Further details on how we manage the wellbeing of our foreign construction workers can be found on page 74.

DIVERSITY

The Group has a growing international footprint across 15 economies. Embracing diversity has a strategic imperative for our businesses to be effective in a multi-cultural environment. We have always promoted an inclusive work culture that respects and celebrates diversity. We monitor our diversity performance by regularly reviewing data relating to gender, age, hiring and turnover at all employment levels.

Rich diversity is reflected in our workforce, which comprises people from different backgrounds, nationalities, and ethnicities. This mix fosters a range of perspectives, approaches and competencies. We provide equal opportunities in employment, remuneration, training and promotion based on merit and performance.

Full-Time Employees

Business Division	2019	2020	2021
Construction, Property Development & Investment and Corporate	357	444	644
Education	188	236	506
Hospitality	631	401	377
Total Number of Employees	**1,176**	**1,081**	**1,527**

Gender Diversity
Women Employees

Business Division	2019	2020	2021
Construction, Property Development & Investment and Corporate	52%	45%	29%
Hospitality	30%	34%	29%
Education	89%	80%	75%

Diversity: Board of Directors

Chip Eng Seng Corporation Ltd.	2019	2020	2021
Women directors (%)	11%	10%	11%
Independent directors (%)	56%	60%	56%

PEOPLE

CONSTRUCTION, PROPERTY DEVELOPMENT AND EDUCATION

The construction, property development and education divisions account for 95% of the Group's revenue. Our focus remains on maintaining our ability to attract, develop and retain talent that helps us excel in project execution, safety culture, quality and productivity, and innovation. An overview of our people performance covering the construction, property development, education divisions and the corporate office is provided below.

TRAINING

Investing in our people's development is crucial for employee well-being and supporting our business growth. Developing talent within our organisation also helps retain high-quality, valued workers. To this aim, we provide ongoing training and development opportunities to ensure our people have the right skills to perform their jobs effectively.

Our Annual Target	Performance in 2021
Average training hours: 8.6 hours/ employee	6.9 hours/ employee

Training courses, workshops and conferences for our staff in 2021 covered the following topics: online end-user cybersecurity, first aid for adults and children, safe management, workplace safety, construction productivity, health and environmental management, sustainability reporting, quality and productivity, lean construction, best practices for green and gracious builders, earth control measures, construction regulations, service excellence, virtual design and construction, contract management, project management, ethical business conduct, latest developments in construction law, and personal data protection.

EMPLOYEE TURNOVER

Employee retention is an integral part of human resource management. Our target is to maintain our employee turnover rate lower than the relevant national average. In 2021, our turnover rate for the construction, property development and corporate divisions in Singapore was 28.8%, which is higher than the national construction industry average rate of 15.6% (Source: Labour Market Survey 2021).

Our Annual Target	Performance in 2021
Employee Turnover – To maintain below the national average for the construction sector	28.8% against the national construction sector average of 16.4%

In 2021, the education division's turnover rate was 39.9% compared to last year's rate of 32.2%. The turnover rate for male and female employees was 37.1% and 40.8% respectively.

By age group, the turnover rate in education division was as follows:

Under 30 years:	59.6%
30-50 years:	36.5%
Over 50 years:	25.7%

Currently, there is no comparable national average benchmark available for the private education sector. Our goal is to improve the retention rate in our education division by taking the necessary measures.

PERFORMANCE MANAGEMENT

Permanent employees participate in a performance appraisal twice a year. The performance evaluation helps determine training needs and skills gaps within the organisation, and helps us develop career pathways for our staff.

REWARDING OUR STAFF

Acknowledging and rewarding staff for their service is a key part of our human resources policy. Along with competitive compensation, we provide bonuses, performance-based wage increases, and various other benefits to attract and retain talented employees. Our employee's wellbeing is well taken care of out-patients, inpatient and dental medical insurance coverage. Other benefits include personal accident insurance, welfare gifts and different types of leave benefits e.g. annual, marriage and compassionate leaves.

UPGRADING WORKFORCE SKILLS

Within our construction division, we established a skills improvement programme to help Basic-Skilled foreign construction workers upgrade to the Higher-Skilled R1 category following the criteria set out by the Ministry of Manpower ("**MOM**"). Investing in upgrading our foreign workers' skills means higher productivity and a lower levy that we need to pay. Furthermore, Higher-Skilled R1 workers can be employed for an extended period of up to 26 years instead of just 14 years for Basic-Skilled workers.

Ensuring all of our construction workers receive training leads to better work practices, increased quality and productivity, and improved health and safety, since the workers gain the most up to date knowledge

PEOPLE

on trade code and regulations, new installation methods, equipment, materials, and tools. In 2021, 82 Higher-Skilled R1 construction workers completed their Continuing Education and Training. They have clocked total of 352 hours in training.

PROMOTING WORKPLACE SAFETY AND HEALTH

Workplace safety remains a critical issue for the construction sector. With 126 incidents, the construction sector was the second-largest contributor to major injuries for the year, according to the Workplace Safety and Health Report 2021.

Implementing a safety-first culture is an integral part of our business model, spanning the entire business divisions from top-level management to site supervisors and workers. We maintain rigorous safety standards to ensure a safe workplace for our workers and contractors. Our target is to maintain a zero-accident workplace.

Hazard identification, risk assessment and risk control form the core of our safety measures. We comply with national safety regulations and align our work processes with industry standards for safe construction. Our QEHS system ensures that workers and contractors follow stringent standards and operating procedures for safety and health at each construction stage.

Regular safety briefings and training is provided to our employees to ensure they are all well informed of the safety risks inherent in various construction activities and are fully educated on safe work practices.

Our Annual Target	Performance in 2021
Zero reportable incidents	8 reportable incidents

Along with safety briefings and training, our health and safety systems require us to carry out checks and inspections throughout the year. In 2021, the health and safety teams at project sites performed 3,910 site safety inspection and audit, while corporate health and safety managers carried out scheduled inspections and safety promotions. Any non-compliance issues are reported during the monthly Safety Committee meeting.

During the reporting period, 15 project sites in the construction division, which also included a factory at Senai, Malaysia, were subjected to health and safety inspections and programmes.

Leading Indicators (Per Site)	Actual Average (Per Site)
Management Site Safety Walk	12
Site Safety Committee Average Attendance	97%
Site Safety Inspection/Audit	260
Safety Promotion	30

Notes:

Management Site Safety Walk = A safety walk is when senior management (managing director or project director) observes work taking place, inspects the workplace, and discusses safety performance with staff based on their observations. By leading and conducting a safety walk, senior management can point out unsafe practices when they occur in the real work environment, providing employees with safe alternatives and a means to understand why their practices are unsafe.

Site Safety Inspection/Audit = A safety inspection is a formalised process of documenting safety hazards and unsafe work practices at site. A safety audit is a formalised process which assess the workplace's health and safety procedures to determine compliance and assess weaknesses in its safety program.

Safety Promotion = A set of means, processes and procedures that are used to develop, sustain and improve safety through awareness raising and changing behaviours among all personnel. Example of safety promotion includes the development of internal products and actions such as posters, bulletins, leaflets, audio-visual materials, toolkits, manuals and guides, social media, e-applications, conferences, safety events and campaigns.

PEOPLE

SAFETY PERFORMANCE

By regularly monitoring and reviewing the safety performance at our construction sites against key performance indicators, we can ensure we are maximising our efforts in this critical area and responding in a timely manner to any deviances from our high safety standards. A summary of our safety performance can be found in the following table.

Year	Accident Frequency Rate ("AFR")	Workplace Injury Rate ("WIR")	Accident Severity Rate ("ASR")	Total Recordable Incident Rate ("TRIR")	Fatality rate	Number of Fatalities	Occupational Disease Incidence Rate
2019	0.6	190.7	34.0	0.1	0.0	0	0
2020	0.8	90.4	15.0	0.2	0.0	0	0
2021	1.3	272.4	12.6	0.3	0.0	0	0

Note:
1. Disclosures in year 2019 exclude the Civil Infrastructure business which was acquired in 2019.
2. All the rates above are combined figures for direct employees and contract employees.
3. TRIR in year 2021 for direct employees and contract employees are 0.4 and 0.2 (year 2020 were 0.3 and 0.1) respectively.

Calculation formula:
AFR = (No. of Injuries / Total Man Hours) x 1,000,000
WIR = (No. of Fatal and Non-Fatal Workplace Injuries / No. of Employed Persons) x 100,000
ASR = (Lost of Man Day / Total Man Hours) x 1,000,000
TRIR = (Statistic Count x 200,000) / Hours Worked.

SAFETY AWARDS

Our commitment to ensuring high safety standards is reflected in the awards and recognitions we have received over the years.

In 2021, two of our projects are winners for WSH SHARP Award:

2021	
Winner	Chip Eng Seng Contractors (1988) Pte Ltd (Sengkang N4C39/C40 – Fernvale Dew)
Winner	Chip Eng Seng Contractors (1988) Pte Ltd (Bidadari C8/ C9 – Woodleigh Glen)

See the complete list of awards won over the past three years on page 47 and 48.

UPHOLDING HUMAN RIGHTS

We are committed to upholding the human rights of our workers, contractors and sub-contractors, and the wider communities in which we operate. Our corporate policy bars discrimination, child labour and forced labour in our operations and in work performed by contractors and sub-contractors. Our policy covers:

a) *Non-discrimination:* We prohibit discrimination in employment on any grounds, including gender, age, race, ethnicity, religion, marital status, pregnancy and disability;
b) *Child Labour*: We prohibit child labour in our operations and expect our suppliers to ensure the same standards. We have determined that there is no risk of child labour in our business in Singapore;
c) *Forced Labour:* We prohibit forced labour in our operations and expect our suppliers to ensure the same standards; and
d) *Freedom of Association and Right to Collective Bargaining:* We respect our employees' right to freedom of association and collective bargaining under local laws. Our employees can freely raise any matter of concern with their supervisors, the HR department, or senior management.

Our civil infrastructure subsidiary CES_SDC has a collective bargaining agreement with the Building Construction and Timber Industries Employees' Union (BATU), where 5 of our employees are union members.

There were no incidences of non-compliance relating to discrimination, child labour, forced labour and freedom of association in the reported period.

PEOPLE

WELLBEING OF FOREIGN WORKERS

In Singapore, it is standard industry practice to supplement the local construction workforce with foreign contract workers, and the MOM strictly regulates the hiring of foreign construction workers. Furthermore, all foreign construction workers must attend the mandatory Construction Safety Orientation Course or the Apply Workplace Safety and Health in Construction Sites training.

At end of 2021, the Singapore business operations employed 524 foreign construction workers from countries approved by the MOM. At the precast factory in Senai Malaysia, 40 foreign construction workers were employed.

We have implemented measures to protect their human rights during the hiring process, and while they are at work on our project sites and factories. We provide clean housing facilities in approved dormitories fitted with modern amenities. The facilities and services at the dormitories include dedicated cooking areas, laundry and recreational facilities such as gyms and outdoor games courts, and televisions in the canteen. They also have free wireless internet access. We provide transport facilities for our workers to travel between their residence and the construction site. The work sites also have spaces for parking bicycles.

We offer monetary rewards and a certificate of recognition to workers who perform exceptionally well during the month to demonstrate our appreciation.

INFRASTRUCTURE AND CIVIL ENGINEERING

An overview of our people performance covering the business is presented below.

Metric	Disclosure
Number of full-time employees	154
Women employees (%)	17%
Age diversity:	
Under 30 years	21
30-50 years	81
Over 50 years	52
Average hours of training per employee	12.9
Average hours of training per employee (male)	13.91
Average hours of training per employee (female)	8.32
New hiring in 2021 (number)	82
New hiring in 2021 (number) (male)	68
New hiring in 2021 (number) (female)	14

Metric	Disclosure
Employee turnover in 2021 (%)	43.1%
Employee turnover in 2021 (%) (male)	39.3%
Employee turnover in 2021 (%) (female)	59.3%
Employee turnover by age:	
Under 30 years	66.7%
30-50 years	42.4%
Over 50 years	37.4%
Number of work-related fatalities	0
High-consequence injuries (number)	0
Recordable injuries (number)	0
Recordable work-related ill health cases (number)	0

The performance excluded project site that the business has less than 50% equity participation.

PEOPLE

HOSPITALITY

An overview of our people performance covering the hospitality division is presented below.

Metric	Disclosure
Number of full-time employees	377
Women employees (%)	29%
Age diversity:	
Under 30 years	149
30-50 years	220
Over 50 years	51
Average hours of training per employee	7.4
Average hours of training per employee (male)	7.1
Average hours of training per employee (female)	8.0
New hiring in 2021 (number)	79
New hiring in 2021 (number) (male)	48
New hiring in 2021 (number) (female)	31

Metric	Disclosure
Employee turnover in 2021 (%)	34.7%
Employee turnover in 2021 (%) (male)	27.6%
Employee turnover in 2021 (%) (female)	52.5%
Employee turnover by age:	
Under 30 years	37.9%
30-50 years	36.1%
Over 50 years	19.2%
Number of work-related fatalities	0
High-consequence injuries (number)	0
Recordable injuries (number)	0
Recordable work-related ill health cases (number)	0

EDUCATION

An overview of our people performance covering the education division is presented below.

Metric	Disclosure
Number of full-time employees	506
Women employees (%)	75%
Age diversity:	
Under 30 years	111
30-50 years	313
Over 50 years	82
Average hours of training per employee	6.7
Average hours of training per employee (male)	6.8
Average hours of training per employee (female)	6.7
New hiring in 2021 (number)	254
New hiring in 2021 (number) (male)	61
New hiring in 2021 (number) (female)	193

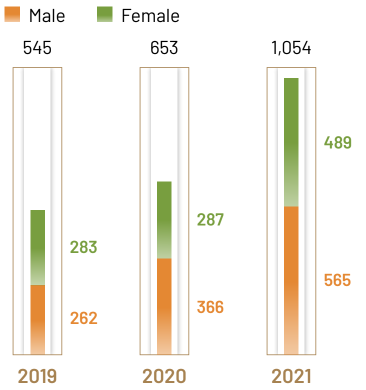
Metric	Disclosure
Employee turnover in 2021 (%)	39.9%
Employee turnover in 2021 (%) (male)	37.1%
Employee turnover in 2021 (%) (female)	40.8%
Employee turnover by age:	
Under 30 years	59.6%
30-50 years	36.5%
Over 50 years	25.7%
Number of work-related fatalities	0
High-consequence injuries (number)	0
Recordable injuries (number)	0
Recordable work-related ill health cases (number)	0

PEOPLE

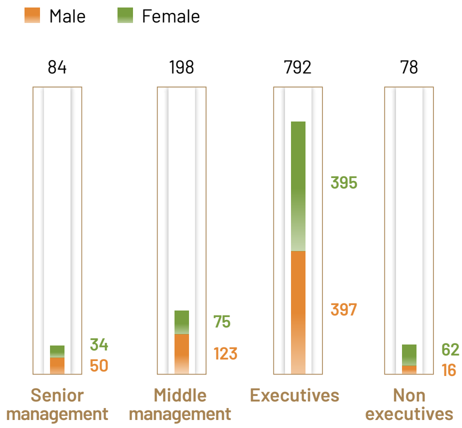
PEOPLE PERFORMANCE AT A GLANCE

Performance data in the following charts refer to our Construction, Property Development and Investment, Education and Corporate divisions unless indicated otherwise. The performance data excludes the hospitality division. Hospitality division performance is reported separately on page 75.

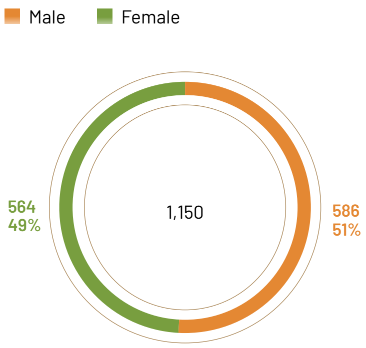
Permanent Employees (on non-term contracts)



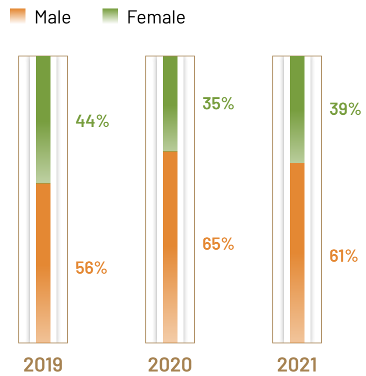
Employees by Category - 2021



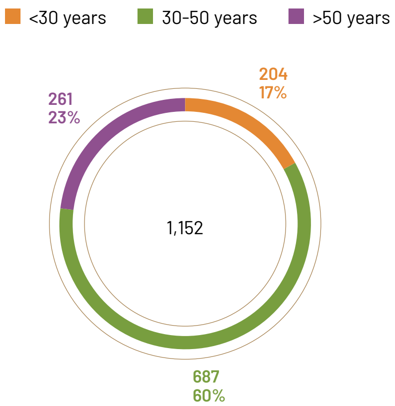
Gender Diversity (Full-time Employees) - 2021



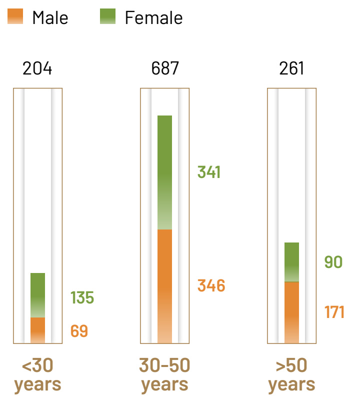
Gender Diversity of Supervisors and Managers



Employees by Age Group - 2021

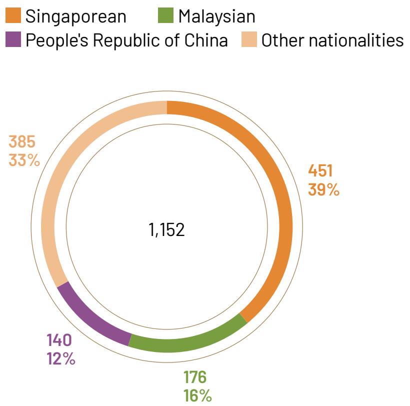


Number of Employees by Age and Gender - 2021

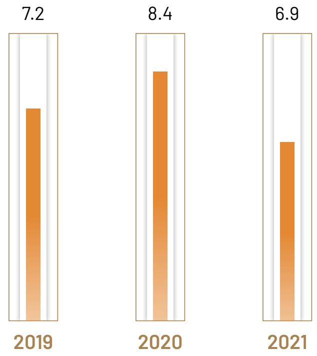


PEOPLE

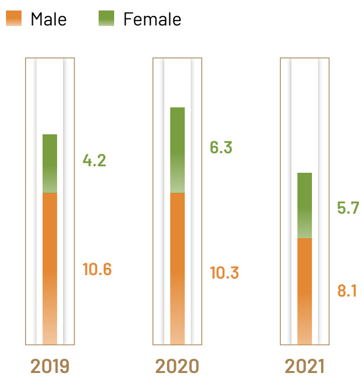
Employee Profile - 2021



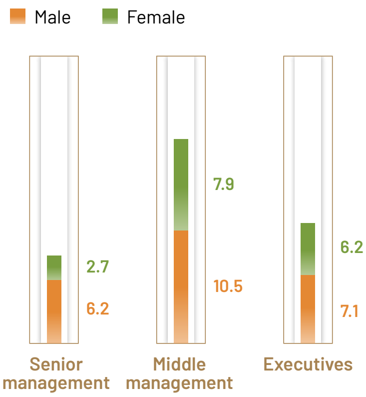
Average Training Hours per Employee



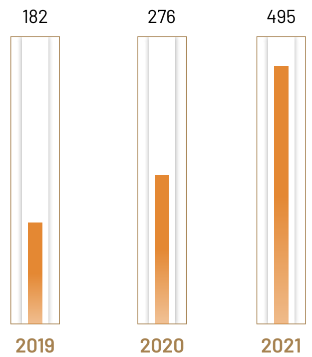
Average Training Hours by Gender



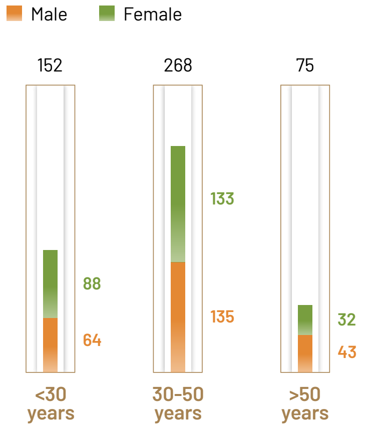
Average Training Hours by Employment Category - 2021



New Hiring

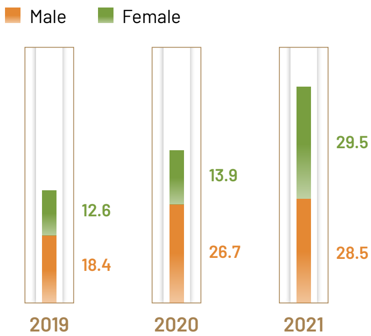


New Hire by Age and Gender - 2021



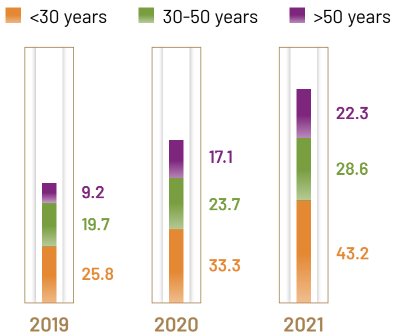
Employee Turnover Rate by Gender (%)

(Construction, Property Development & Investment and Corporate)

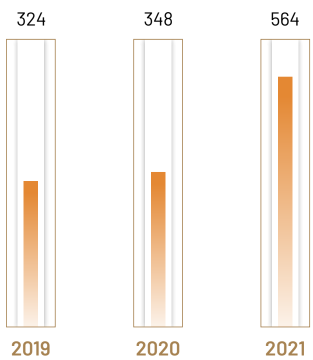


Employee Turnover Rate by Age Group (%)

(Construction, Property Development & Investment and Corporate)



Foreign Construction Workers



QUALITY AND SAFETY

We are committed to upholding the highest standards of quality in construction and property development.

Over the decades, Chip Eng Seng has established a strong reputation for high quality and safety standards in construction and development projects. To achieve these high standards, we regularly invest in the most advanced and efficient construction technologies available, and we continuously maintain or upgrade our equipment to enhance safety, performance and productivity.

Timeliness and precision planning are also key to our work, and we have maintained a track record of completing all our projects ahead of schedule or within the target timeline.

INTERNATIONAL STANDARDS

We demonstrate our commitment to quality, environmental stewardship and workplace safety within our construction division by achieving a range of certifications for international standards such as the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

QUALITY AND SAFETY STANDARDS

We build our projects in strict compliance with building regulations and standards, including but not limited to structural stability, materials, workmanship and safety. We employ qualified and experienced teams of architects, engineers and technical staff to ensure that each project meets our stringent norms of quality and safety.

Public housing forms a substantial component of our construction business. Delivering high-quality homes is a crucial goal of this business division and we understand the importance of ensuring high-quality workmanship for customers who invest in our homes.

In the event that any home buyers are not fully satisfied and submit a complaint within the defects liability period, we have a robust defect management response policy in place. We take every complaint seriously, and the necessary rectification is carried out in a timely manner after joint inspections.

CONQUAS SCORE

In 2021, our project Grandeur Park Residences in Singapore received a total score of 94.80 under the BCA Construction Quality Assessment System (CONQUAS) scheme. CONQUAS, introduced in 1989, serves as a national standard for assessing the quality of building projects.

SAFETY FOR OUR SUB-CONTRACTORS AND SUPPLIERS

Our supply chain mainly comprises contractors and sub-contractors and vendors for building materials and supplies. We regularly engage with our sub-contractors to promote safe work practices through meetings, reviews, training and briefing sessions to help them achieve the required QEHS standards.

Our QEHS policies cover our sub-contractors to ensure safety and compliance at our construction sites. We have introduced a supplier evaluation survey to assess their credentials, including their safety competence. All of our subcontractors are certified to bizSAFE Level 3 or above.

We review subcontractors' QEHS performance every six months. We have also instituted annual awards to recognise subcontractors for their QEHS excellence.

CUSTOMER SAFETY

The health, safety, and security of our tenants, customers, and visitors at the buildings we manage are also top priorities. Our policies and measures ensure fire and elevator safety, access for people with disabilities, asset security, disaster management and emergency procedures.

In 2021, there were no incidents of non-compliance concerning the health and safety involving customers, tenants or visitors at properties in Singapore that we own and manage.

DATA PRIVACY

The Group is committed to safeguarding personal data, including customers' and employees' personal information. Our policies and measures to manage personal data fully comply with Singapore's Personal Data Protection Act.

In 2021, a two-hour long sharing session by the Group Data Protection Officer and Data Protection Officer was carried out to refresh and upskill our employees on our personal data protection obligation. Case study from Personal Data Protection Commission's decision on breaches which are smiliar to our business setting are shared and discussed with 40 participants.

Our Annual Target	Performance in 2021
Zero breaches of customer privacy and losses of customer data	There were no confirmed cases concerning breach of customer privacy or loss of customer data

COMMUNITY

Committed to being a responsible corporate citizen.

As a conglomerate with global footprints and with strong ethical values, we can play a vital role in diverse communities in which we operate in. By engaging in a range of local corporate social responsibility activities, we help support those who are less fortunate. We forge a stronger bond amongst our employees, customers, and beneficiaries, strengthening their trust in Chip Eng Seng.

Our community outreach supports various social causes, the arts, education, healthcare, and the environment. We work together with Singapore's construction community and non-profit organisations to support multiple philanthropic programmes through giving and fundraising efforts. Our employees also volunteer in community initiatives.

In 2021, the COVID-19 pandemic affected charitable events and volunteering activities due to social distancing restrictions and lockdowns. However, we continued to provide cash donation, scholarship and gift amounted to $222,606 in total towards various philanthropic causes.

RECOGNISING AND NURTURING FUTURE TALENT

Students of today are our employees of tomorrow. We invest in young talent by offering internship opportunities to university and polytechnic students to help them gain practical work experience. During 2021, we provided internship opportunities for 20 undergraduate and polytechnic students, for a period ranged between 7 and 32 weeks. These interns were assigned to accounts, project, engineering, health & safety departments to gain practical experience.

We also support the BCA-Industry iBuildSG Scholarship / Sponsorship programmes that aim to nurture future talent for the construction industry. The Group continued to provide scholarships to three students who are pursuing the BCA-Industry iBuildSG Undergraduate program.

HOSPITALITY

PARK HOTEL ALEXANDRA, SINGAPORE

- Park Hotel Alexandra and CEL Development joined hands to support Rainbow Centre, a school for children with autism. Employee volunteers spent an afternoon at the school for the Chinese New Year decorations;
- Food from the Heart, a non-profit food charity in Singapore dedicated to alleviating hunger for the less fortunate, runs a food distribution programme for those on low incomes. With volunteer numbers being hit by the Covid-19 pandemic, our employees at Park Hotel Alexandra came forward to help behind the scenes to prepare food care packs and
- Park Hotel Alexandra employees volunteered for a beach cleaning campaign at East Coast Park.

GRAND PARK KODHIPPARU MALDIVES

- Grand Park Kodhipparu resorts commemorated World Autism Awareness Day by supporting the Maldives Autism Association, a non-profit organisation catering for children with autism spectrum disorder and other disabilities. The activities included a fun evening walk for children around the island. Fundraising was also held throughout April 2021 for both team members and guests with the sale of merchandise and donations. All funds raised from this programme were donated to Maldives Autism Association.

EDUCATION

Our schools organised a number of events during the year to support social and environmental causes:

- Collected about 2,000 Christmas gifts for migrant workers for ItsRainingRaincoats, an initiative that aims to improve the lives of migrant workers in Singapore;
- Raised funds for a local charity - Arc Children's Centre through a Dash for Cash run event;
- The Parent-Teacher Association organised Roots & Shoots event, a programme of the Jane Goodall Institute championing global environmental, animal welfare, and humanitarian youth outreach in 110 countries and
- Held a Mufti Day for World Wide Fund for Nature in conjunction with World Children's Day, where students attended school dressed up as animals.

GRI CONTENT INDEX

GRI CONTENT INDEX Core option		
GRI Standard	**Disclosure**	**Page Reference and/ or Direct Answers**
GRI 101: Foundation 2016 (GRI 101 does not include any standards)		
GRI 102: General Disclosures 2016		
Organisational Profile		
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GRI 102-2	Activities, brands, products, and services	2, 42
GRI 102-3	Location of headquarters	Singapore
GRI 102-4	Location of operations	2, 16-17, 30-31
GRI 102-5	Ownership and legal form	2
GRI 102-6	Markets served	2, 16-17, 22-25, 42
GRI 102-7	Scale of the organisation	2, 16-19, 74-76, 139-140
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GRI 102-10	Significant changes to the organisation and its supply chain	23-24, 36, 37
GRI 102-11	Precautionary Principle or approach	57-59
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GRI 102-13	Membership of associations	53
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GRI 102-14	Statement from senior decision-maker	4-7
GRI 102-15	Key impacts, risks, and opportunities	54-56
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GRI 102-16	Values, principles, standards, and norms of behaviour	46, 120
GRI 102-17	Mechanisms for advice and concerns about ethics	120
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GRI 102-18	Governance structure	26-31, 47, 91, 93-96
GRI 102-19	Delegating authority	91, 97
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	45
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	52-53, 123
GRI 102-22	Composition of the highest governance body and its committees	91, 93-94
GRI 102-23	Chair of the highest governance body	26-31
GRI 102-24	Nominating and selecting the highest governance body	97
GRI 102-25	Conflicts of interest	89, 100

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GRI CONTENT INDEX Core option		
GRI Standard	**Disclosure**	**Page Reference and/ or Direct Answers**
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GRI 102: General Disclosures 2016		
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GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	46, 88
GRI 102-27	Collective knowledge of highest governance body	89
GRI 102-28	Evaluating the highest governance body's performance	108
GRI 102-29	Identifying and managing economic, environmental, and social impacts	46, 88
GRI 102-30	Effectiveness of risk management processes	88, 113-118
GRI 102-31	Review of economic, environmental, and social topics	46
GRI 102-32	Highest governance body's role in sustainability reporting	46
GRI 102-33	Communicating critical concerns	123
GRI 102-35	Remuneration policies	108-109
GRI 102-36	Process for determining remuneration	110-111
Stakeholder Engagement		
GRI 102-40	List of stakeholder groups	52-53
GRI 102-41	Collective bargaining agreements	73
GRI 102-42	Identifying and selecting stakeholders	52-53
GRI 102-43	Approach to stakeholder engagement	52-53
GRI 102-44	Key topics and concerns raised	52-53
Reporting Practice		
GRI 102-45	Entities included in the consolidated financial statements	146-153
GRI 102-46	Defining report content and topic Boundaries	58
GRI 102-47	List of material topics	54-55
GRI 102-48	Restatement of information	44
GRI 102-49	Changes in reporting	44
GRI 102-50	Reporting period	43
GRI 102-51	Date of most recent report	April 2021
GRI 102-52	Reporting cycle	43
GRI 102-53	Contact point for questions regarding the report	44
GRI 102-54	Claims of reporting in accordance with the GRI Standards	43
GRI 102-55	GRI content index	80-85
GRI 102-56	External assurance	44

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	103-2 The management approach and its components	20-21
	103-3 Evaluation of the management approach	20-21
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	18-19, 137-139
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	55
	103-2 The management approach and its components	45, 55
	103-3 Evaluation of the management approach	45, 55
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	45
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	103-2 The management approach and its components	60
	103-3 Evaluation of the management approach	60, 64
GRI 301: Materials 2016	301-1 Materials used by weight or volume	60
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	54
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	103-3 Evaluation of the management approach	54, 57-58
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	302-3 Energy intensity	57-58, 62-63, 66, 69
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	55
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	103-3 Evaluation of the management approach	55
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	303-2 Management of water discharge-related impacts	61

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	103-2 The management approach and its components	54, 60
	103-3 Evaluation of the management approach	54, 60
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	60, 62-63
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	103-2 The management approach and its components	54, 60
	103-3 Evaluation of the management approach	54, 60
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	306-2 Management of significant waste-related impacts	60
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	55
	103-2 The management approach and its components	55, 61
	103-3 Evaluation of the management approach	55, 61
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	61
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	103-2 The management approach and its components	55, 70-72
	103-3 Evaluation of the management approach	55, 70-72
GRI 401: Employment 2016	401-1 New Employee hires and employee turnover	71, 74-75, 77
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	71

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GRI Standard	**Disclosure**	**Page Reference and/ or Direct Answers**
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	103-2 The management approach and its components	55, 72
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Management Approach Disclosures 2018	403-1 Occupational health and safety management system	72
	403-2 Hazard identification, risk assessment, and incident investigation	72
	403-3 Occupational health services	72
	403-4 Worker participation, consultation, and communication on occupational health and safety	72
	403-5 Worker training on occupational health and safety	72
	403-6 Promotion of worker health	72
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	72
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	72
	403-9 Work-related injuries	72-75
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	55
	103-2 The management approach and its components	55, 71
	103-3 Evaluation of the management approach	55, 71
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	71, 74-75, 77
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	103-2 The management approach and its components	55, 70
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GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	70, 74-76
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GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	79
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	55
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	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	78
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	103-2 The management approach and its components	55, 61
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GRI 419: Socio-economic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	61

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ENGINEERING & CONSTRUCTION SERVICES
SUSTAINABILITY ACCOUNTING STANDARD

Topic	SASB Code	Accounting Metric	Page Reference and/ or Direct Answers
Environmental Impacts of Project Development	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	45-46, 61
	IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	57, 59-60, 64
Structural Integrity & Safety	IF-EN-250a.1	Amount of defect- and safety-related rework costs	To be disclosed in future report
	IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	To be disclosed in future report
Workforce Health & Safety	IF-EN-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	72-73
Lifecycle Impacts of Buildings & Infrastructure	IF-EN-410a.1	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard, and	1
		(2) active projects seeking such certification	8
	IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	57-58, 61, 64
Business Ethics	IF-EN-510a.1	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Zero
	IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	Zero
	IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	45

Activity Metric	SASB Code	Page Reference And/ Or Direct Answers
Number of active projects	IF-EN-000.A	32, 33
Number of commissioned projects	IF-EN-000.B	32, 33
Total backlog	IF-EN-000.C	183-184

TCFD DISCLOSURES

We have started to align our sustainability report with the TCFD recommendations. The following table indicates our progress.

Code	TCFD Recommendations	Page Reference and/ or Direct Answers
Governance		
TCDF 1(a)	Describe the board's oversight of climate-related risks and opportunities.	45, 58
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	45, 58
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	58-59
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	58-59
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	58-59
Risk Management		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	59
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	59
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	59
Metrics and Targets		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	60
TCFD 4(b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	60, 62, 65, 66, 69
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	60, 62, 65, 66, 69

CORPORATE GOVERNANCE REPORT

Chip Eng Seng Corporation Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to achieving high standards of corporate governance in complying with the Code of Corporate Governance 2018 (the "**Code**") which forms part of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which is essential to the long-term sustainability of the Group's businesses and performance, as well as protection of shareholders' interests.

This report sets out the Group's corporate governance practices that were in place throughout the financial year ended 31 December 2021 ("**FY2021**") with specific reference to the principles and provisions of the Code and guideline 2.4 of the Code of Corporate Governance 2012 (which is applicable prior to 1 January 2022), and where applicable, the SGX-ST Listing Manual. The Company has complied in all material respects with the principles and provisions in the Code. Where there is any deviation from any provisions of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in totality, rather than read separately under each principle of the Code.

BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

The primary function of the Board of Directors (the "**Board**") is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group and has overall responsibility for reviewing the strategic plans and performance objectives, financial plans, key operational initiatives, major funding and investment proposals, financial performance reviews, and corporate governance practices.

The principal duties of the Board include:

- providing entrepreneurial leadership and guidance to the management team of the Group ("**Management**") in setting the Company's strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its strategic objectives, which include appropriate focus on value creation, innovation and sustainability;
- overseeing financial reporting and reviewing the financial results of the Group;
- monitoring the implementation of strategies and reviewing the business performance of the Group;
- instilling an ethical corporate culture and ensuring that the Company's values, standards, policies and practices are consistent with its ethos and are adhered to, and ensuring that obligations to shareholders and other stakeholders are transparent, understood and met;
- considering sustainability issues such as environmental, social and governance factors, as part of the strategic formulation, including identifying key stakeholder groups;
- approving the appointment of directors of the Company ("**Directors**") and other key management personnel (as defined in the Code wherever it appears in this report), taking into consideration the recommendations of the Nominating Committee ("**NC**");
- approving the remuneration packages for the Directors who have an executive role in the Company ("**Executive Directors**") and other key management personnel, taking into consideration the recommendations of the Remuneration Committee ("**RC**");
- establishing adequate and effective internal controls and a risk management framework which enables applicable risks to be assessed and managed, including safeguarding of shareholders' interest and the Group's assets, taking into consideration feedback and recommendations from the Audit and Risk Committee ("**ARC**");
- reviewing and approving the investment plans and strategies proposed by Management, taking into consideration the recommendations from the Investment Committee ("**IC**");
- approving material acquisitions and disposals of assets, mergers and acquisitions, major corporate policies in key areas of operations, major funding, divestments, issuance of shares, dividends and proposals relating to shareholder returns, the Group's financial results and material interested person transactions ("**IPTs**"); and
- ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal codes of conduct.

CORPORATE GOVERNANCE REPORT

Provision 1.1 - Director's conflicts of interest

All Directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group.

Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. They are also required to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group. Where a Director has a conflict of interest, or it appears that he/she might have a conflict of interest, in relation to any matter, he/she is required to send a written notice to the Company containing details of his/her interest and the conflict or to declare such interest at a meeting of the Directors (or in written resolutions to be passed), recuse himself/herself from participating in any discussion and abstain from voting on the matter. Information relating to such interest that is notified or declared to the Company is duly recorded in the minutes of meeting or, as the case may be, the directors' resolutions in writing.

Provision 1.2 - Induction and training of Directors

Newly-appointed Directors will receive formal letters of appointment, setting out their duties and obligations. The Group conducts an orientation programme for new Directors to familiarise them with the business activities of the Group, its strategic directions and corporate governance practices. Arrangements are also made for new Directors to meet with Management for a better understanding of the Group's businesses and operations. In addition, the Chief Financial Officer ("**CFO**") provides the Board with regular updates on the Group's business performance and plans at quarterly Board meetings. No new Director was appointed to the Board in FY2021.

To keep pace with new laws, regulations, changing commercial risks and accounting standards, all Directors engage in constant dialogues with Management and professional parties from time to time. The Company will hold at least one Directors' training annually, which is conducted by professional parties such as law firms or accounting firms, to update the Directors on key changes in laws, rules and regulations, and accounting standards.

Directors are also encouraged to attend, at the Company's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations.

A summary of courses/seminars attended by certain Directors in FY2021 is as follows:

Course/Seminar provider	**Course/Seminar name**
Colliers International (Singapore) Pte Ltd	International & Property Valuation Approach and Methods
CSRWorks International Pte Ltd	Sustainability Reporting and Climate Change
Forbes Asia	CEO Webinar
Institute of Policy Studies (IPS), Singapore	IPS-Nathan Lectures I - IV
Mackrell Solicitors & Wee Swee Teow LLP	Topic on Arbitration
National University of Singapore, Institute of Real Estate and Urban Studies	Asset Management Model for SREIT – Internal Vs External
National University of Singapore, Institute of Real Estate and Urban Studies	Adapting to Climate Change – Are Asian Cities Ready for the Challenge?
NTUC LearningHub Pte. Ltd.	Blockchain for Corporate Compliance
OSL Digital Securities Limited	Cryptocurrency 101 Webinar
Securities Investors Association Singapore	Corporate Governance Workshop 1: Covid-19 and the Breakdown of the Shareholder-Centric Model: An Inflection Point for Corporate Governance?
Securities Investors Association Singapore	Corporate Governance Workshop 2: Rethinking the Company: How is a Company Going to React from Innovations and Necessities Brought About by Covid-19
SGX-ST	Roadmap to Mandatory Climate-related Disclosures
SGX-ST	SGX Regulatory Symposium 2021 - Market Needs in a Changing Landscape
Singapore Economic Development Board	Building Resilience Through Sustainable Coastal Infrastructure
Singapore Institute of Directors	The Future of Assurance – Digital Risks
Singapore Institute of Directors	Audit Committee Seminar 2021 – Enterprise Resilience and Risk Management
Singapore Institute of Directors	Insolvency and Restructuring Regime in Singapore – Changes and Consolidation

CORPORATE GOVERNANCE REPORT

Singapore Institute of Directors	SID Directors Conference
Singapore Institute of Directors	An Insider Guide to Cryptocurrency and Blockchain
Singapore Institute of Directors	CGR - Annual Corporate Governance Roundup
Singapore Institute of Directors	Valuation
Singapore Institute of Directors	LED Module 5: Audit Committee Essentials
Singapore Institute of Directors	LED Module 7: Nominating Committee Essentials
Singapore Institute of Directors	LED Module 8: Remuneration Committee Essentials
Singapore Institute of Surveyors and Valuers	Talk on the New Land Betterment Charge Bill
The Law Society of Singapore	Corporate Law Day 2021
Total Workplace Safety and Health (Total WSH) Council	Understanding Common Mental Health Issues (Anxiety & Depression)

In addition, Mr. Abdul Jabbar Bin Karam Din ("**Abdul Jabbar**"), the Company's Lead Independent Director, was the speaker/panellist for the following courses/seminars:

1. Panellist for Corporate Law Day 2021 (Topic: Companies Act's amendments – Dematerialisation of Share Certificates, Virtual Shareholders' Meetings, and Decentralised Smart Contracts) conducted by The Law Society of Singapore on 7 July 2021;
2. Speaker for "LED Module 1: Listed Entity Director Essentials of the Listed Entity Director Programme in respect of Corporate Governance, Legislations and SGX Listing Rules" conducted by the Singapore Institute of Directors on 13 July 2021 and 5 October 2021;
3. Speaker for "SID Board and Director Fundamentals (BDF)" and panellist for the question and answer session conducted by the Singapore Institute of Directors on 29 September 2021 and 30 September 2021 respectively; and
4. Panellist for the question and answer session for "LED Module 7: Nominating Committee Essentials of the Listed Entity Director Programme in respect of Board appointments and directorships, Board performance evaluations and Corporate Governance Benchmarks" conducted by the Singapore Institute of Directors on 19 October 2021.

Pursuant to Rule 720(7) of the SGX-ST Listing Manual effective 1 January 2022, all Directors of the Company must undergo training on sustainability matters as prescribed by the SGX-ST. If the NC is of the view that training is not required for a particular Director because such Director has expertise in sustainability matters, the basis of its assessment must be disclosed. The Company is required to confirm in its sustainability report for the financial year ending 31 December 2022 that all its Directors have attended the mandatory training on sustainability. Accordingly, the Company is in the midst of arranging for its Directors to attend the mandatory training on sustainability training by 31 December 2022.

<u>Provision 1.3 – Matters requiring Board's approval</u>

The Company has adopted internal guidelines setting forth matters that require the Board's approval. The matters reserved for the Board's decision include the following:

- material acquisitions;
- material divestments;
- major corporate policies in key areas of operations;
- major funding;
- investment proposals;
- issuance of equity and debt securities;
- declaration of dividends;
- proposals relating to shareholder returns;
- key policies and codes of conduct;
- the Group's financial results;
- material IPTs; and
- establishment of the various Board Committees (including its composition and terms of reference).

CORPORATE GOVERNANCE REPORT

Provision 1.4 – Delegation by the Board

The Board has delegated certain functions to various Board Committees, namely the ARC, the NC, the RC and the IC.

Each Board Committee reports to the Board and has its own written terms of reference. The written terms of reference of each Board Committee sets out the roles and functions of such committee and the relevant authority delegated by the Board for such committee to make decisions. These terms of reference also set out the conduct of meetings including quorum, voting requirements and qualifications for Board Committee membership. Each Board Committee will review its terms of reference from time to time to ensure relevance. Board approval is required for any changes to the terms of reference for any Board Committee. The latest terms of reference of the Board Committees were reviewed by the respective Board Committees and approved by the Board in February 2021.

The Board acknowledges that while each Board Committee is authorised to decide or provide its recommendations on particular issues, the ultimate responsibility on all matters lies with the Board.

The composition of the Board and each Board Committee as at the date of this report are as follows:

		Board Committee Membership			
Name of Director	**Position**	**ARC**	**RC**	**NC**	**IC**
Chen Huaidan @ Celine Tang ("**Celine Tang**")	Non-Executive and Non-Independent Director and Non-Executive Chairman	–	–	–	–
Chia Lee Meng Raymond ("**Raymond Chia**")	Executive Director and Group Chief Executive Officer ("**Group CEO**")	–	–	–	–
Tan Tee How	Executive Director	–	–	–	–
Yam Ah Mee	Non-Executive and Non-Independent Director	–	–	–	–
Abdul Jabbar[(1)]	Lead Independent Director	Member	Chairman	–	Member
Lock Wai Han	Independent Director	Member	–	Member	Member
Low Teck Seng	Independent Director	Member	Member	–	Chairman
Neo Boon Siong	Independent Director	Chairman	–	Member	–
Yaacob Bin Ibrahim	Independent Director	Member	Member	Chairman	–

Notes:

(1) Following the retirement of Mr. Ang Mong Seng as the Lead Independent Director of the Company at the conclusion of the AGM held on 23 April 2021, Mr. Abdul Jabbar was appointed as the Lead Independent Director of the Company with effect from 1 May 2021.

No alternate Director was appointed to the Board in FY2021.

CORPORATE GOVERNANCE REPORT

Provision 1.5 – Board processes, including Directors' attendance at meetings

Board and Board Committee meetings, and general meetings

The Board meets on a quarterly basis to review the key activities and business strategies of the Group, and as and when warranted by particular circumstances. The Company's Constitution and written terms of reference allow Board and Board Committee meetings to be conducted by way of telephone or video conference and other similar means of communication whereby all persons participating in the meeting are able to communicate as a group, without requiring the Directors' physical presence at the meeting. The Board and Board Committees may also make decisions through circulating resolutions.

All Directors had accorded sufficient time and attention to the affairs of the Company. The details of the number of Board and Board Committee meetings, annual general meeting ("**AGM**") and extraordinary general meeting ("**EGM**") held from 1 January 2021 to 31 December 2021 as well as the Directors' attendance at those meetings are disclosed below:

	General meetings						Board Committee meetings							
Name of Directors	AGM		EGM[1]		Board		ARC		RC		NC		IC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Celine Tang	1	1	–	–	4	4								
Raymond Chia	1	1	–	–	4	4								
Tan Tee How	1	1	–	–	4	4								
Yam Ah Mee	1	1	–	–	4	4								
Ang Mong Seng[2]	1	1	–	–	1	1			1	1	1	1		
Abdul Jabbar[3]	1	1	–	–	4	4	10	10	3	3			5	5
Lock Wai Han[4]	1	1	–	–	4	4	10	10			1	1	5	5
Low Teck Seng[5]	1	1	–	–	4	4	8	8	3	3	1	1	5	5
Neo Boon Siong[6]	1	1	–	–	4	4	10	10			–	–		
Yaacob Bin Ibrahim[7]	1	1	–	–	4	4	10	10	2	2	1	1		

Notes:

(1) No EGM was held in FY2021.

(2) Mr. Ang Mong Seng retired as a Director of the Company pursuant to Regulation 115 of the Company's Constitution at the conclusion of the AGM held on 23 April 2021. Accordingly, he stepped down as the Lead Independent Director of the Company, chairman of the RC and member of the NC and the IC. His attendance at the RC, the NC and the Board meetings were recorded up to the date he retired as a Director of the Company on 23 April 2021. No IC meeting was held during the period from 1 January 2021 up to the date he retired as a Director of the Company on 23 April 2021.

(3) Mr. Abdul Jabbar was appointed as the chairman of the RC with effect from 1 May 2021.

(4) Mr. Lock Wai Han was appointed as a member of the IC with effect from 1 May 2021. His attendance at the IC meetings was recorded from the date of his appointment thereof.

(5) Prof. Low Teck Seng stepped down as a member of the NC and was appointed as a member of the ARC with effect from 1 May 2021. His attendance at the NC meetings was recorded up to the date he ceased to be a member of the NC, and his attendance at the ARC meetings was recorded from 1 May 2021, being the date he was appointed as a member of the ARC.

(6) Dr. Neo Boon Siong was appointed as a member of the NC with effect from 1 May 2021. No NC meeting was held during the period from the date of his appointment up to 31 December 2021.

(7) Prof. Yaacob Bin Ibrahim was appointed as a member of the RC with effect from 1 May 2021. His attendance at the RC meetings was recorded from the date of his appointment thereof.

CORPORATE GOVERNANCE REPORT

Provision 1.6 - Complete, adequate and timely information

Management recognises the importance of ensuring the provision of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to discharge its responsibilities timely and effectively, Management provides the Directors with regular updates on the operational and financial performance of the Group and on material developments relating to the Group. To allow Directors sufficient time to prepare for meetings, all Board and Board Committee papers are distributed to the relevant Directors at least three working days prior to the meeting, save in the case of any ad hoc or urgent meeting. Any additional materials or information requested by the Directors are promptly furnished. Key members of Management who are in a position to provide additional insight on the matters to be discussed will be present for the relevant agenda items during the Board and Board Committee meetings.

Provision 1.7 – Independent access to Management, Company Secretaries and professional advice

Directors have separate and independent access to Management and the joint company secretaries of the Company ("**Joint Company Secretaries**"). The Joint Company Secretaries are responsible for, among other things, ensuring that Board procedures are observed and that the Company's Constitution, and relevant rules and regulations, including requirements of the Companies Act 1967 of Singapore and SGX-ST Listing Manual, are complied with. They also assist the Board to formulate and implement corporate governance practices and processes.

The Joint Company Secretaries further assist the chairman of the Board in ensuring good information flow within the Board and Board Committees and between Management and Directors who have a non-executive role in the Company ("**NEDs**").

The Joint Company Secretaries or their representative(s) attend and prepare minutes for all Board meetings and assist in ensuring coordination and liaison between the Board, the Board Committees and Management. The Joint Company Secretaries also assist the chairman of the Board, the chairman of Board Committees and Management in the development of the agenda for the Board and Board Committee meetings.

The appointment or removal of any of the Joint Company Secretaries is a decision of the Board as a whole.

The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice if necessary, and at the Company's expense.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Provisions 2.1 and 4.4 - Directors' independence review

An "independent" Director is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

The Board, with the concurrence of the NC, had adopted a declaration of independence based on the factors set out in provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual ("**Revised Definition on Director's Independence**").

Provisions 2.2 and 2.3 – Composition of (i) Independent Directors and (ii) NEDs on the Board

Currently, the Independent Directors make up a majority of the Board which comprises nine Directors, of whom five are Independent Directors, two are Executive Directors (one of whom is also the Group CEO) and two are Non-Executive and Non-Independent Directors (one of whom is the chairman of the Board).

Accordingly, the NEDs make up a majority of the Board.

Mr. Ang Mong Seng retired pursuant to Regulation 115 of the Company's Constitution at the conclusion of the AGM held on 23 April 2021. Following his retirement, he had also stepped down as the Lead Independent Director, chairman of the RC and member of the NC and IC. The Board, with the concurrence of the NC, is of the view that the Board size of nine Directors is adequate. Furthermore, the Board and the NC have noted that the Independent Directors still make up the majority of the Board.

Accordingly, there is a strong and independent element on the Board and the Company complies with provisions 2.2 and 2.3 of the Code.

CORPORATE GOVERNANCE REPORT

Provision 2.4 – Composition of the Board and Board Committees, and Board Diversity Policy

The Company is committed to cultivating a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives, for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances the decision-making process through perspectives derived from differentiating skillsets, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

Each year, the NC reviews the size and composition of the Board and Board Committees and the skills and core competencies of its members to ensure an appropriate balance and mix of skillset, knowledge, experience and gender, with a strong element of independence.

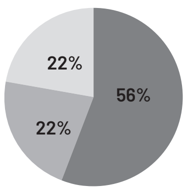
Pursuant to provision 2.4 of the Code, the Board has adopted a board diversity policy ("**Board Diversity Policy**"), which sets out the Company's approach to achieving diversity with respect to its Board. The Board Diversity Policy stipulates that in designing the Board's composition, board diversity is considered from aspects, including but not limited to gender, age, nationality, ethnicity, cultural background, educational background, experience, skillset, knowledge, independence and length of service. Having regard to these guidelines in the Board Diversity Policy, the NC will, in reviewing the Board's composition, the rotation and retirement of Directors and succession planning, take into account these differentiating factors which where practicable, will be balanced appropriately.

The Board Diversity Policy also provides that any external search consultants, if required, engaged to assist the Board or the NC to search for candidates for appointment to the Board will be specifically directed to include candidates from diverse backgrounds and female candidates. The decision on the selection of Director(s) to be appointed on the Board will ultimately be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity balanced with the needs of the Board.

As stated in the Board Diversity Policy, the Board recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance, and is committed to achieve 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 Group. The current composition of the Board reflects its commitment to the relevant diversity in gender, age, ethnicity, skills and knowledge. The core competencies of the Directors include banking, accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

No individual or select group of individuals dominates the Board's decision-making process as a majority of the Board (56%) is made up of Independent Directors. In terms of gender diversity, there is one female Director on the Board. In terms of ethnic diversity, there are seven Directors of Chinese ethnicity, one Director of Malay ethnicity and one Director of Pakistani ethnicity.

Independence

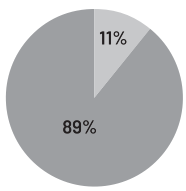


Independent Directors (5 out of 9 Board members)

Non-Executive and Non-Independent Directors (including Chairman) (2 out of 9 Board members)

Executive Directors (2 out of 9 Board members)

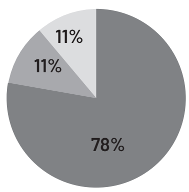
Gender diversity



1 Female Director (1 out of 9 Board members)

8 Male Directors (8 out of 9 Board members)

Ethnic Diversity



Chinese (7 out of 9 Board members)

Malay (1 out of 9 Board members)

Pakistani (1 out of 9 Board members)

Taking into account the nature and scope of the Group's operations and the number of Board Committees, the Board, with the concurrence of the NC, is of the view that the current board size and composition is adequate. The Board believes that the current size and composition provides sufficient diversity without interfering with efficient decision-making. Furthermore, the Board, with the concurrence of the NC, is of the view that the Board size and composition remains adequate even after the retirement of Mr. Ang Mong Seng at the AGM held on 23 April 2021. The Directors' credentials, including working experience, academic and professional qualifications, are presented at the Board of Directors section of this Annual Report.

The NC will review the Board Diversity Policy from time to time as appropriate, to ensure the effectiveness of such policy. The NC will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

CORPORATE GOVERNANCE REPORT

Provision 2.5 - Role of the NEDs

The NEDs (including, for the avoidance of doubt, the Independent Directors) participate actively in Board meetings. Backed by their professional expertise, experience and knowledge, the NEDs provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies, businesses and other affairs. The NEDs also constructively challenge and advise on the development of strategies as well as review the performance of Management in achieving targeted goals and objectives. In addition, the NEDs monitor the reporting of the Group's business and financial performance.

All the Independent Directors, led by the Lead Independent Director, meet at least annually without the presence of the Executive Directors, the other Non-Independent Directors and Management to discuss matters of significance. Any findings are then reported to the chairman of the Board.

The NEDs are also in frequent contact with each other outside the Board and Board Committee meetings and hold regular informal discussions amongst themselves. Any feedback would be provided to the Board and/or chairman of the Board as appropriate.

PRINCIPLE 3: CHAIRMAN AND CEO

Provisions 3.1 and 3.2 – Chairman and CEO

The roles and responsibilities between the chairman of the Board and the Group CEO are held by separate individuals to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. There is no one individual who has unfettered powers of decision-making.

Mrs. Celine Tang, Non-Executive and Non-Independent Director and Non-Executive Chairman, leads the Board to ensure its effectiveness on all aspects of its role and takes a leading role in the Group's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Joint Company Secretaries and Management. She approves the agendas for Board meetings, ensures sufficient allocation of time for thorough discussion of agenda items and promotes a culture of openness and debate at the Board level. She also ensures that Board matters are effectively organised to enable Directors to receive complete, adequate and timely information in order to make sound decisions, promotes constructive relations within the Board and between the Board and Management, and ensures effective communication with shareholders. She also facilitates effective contribution from NEDs.

Mr. Raymond Chia, an Executive Director and the Group CEO, manages and supervises the day-to-day business operations of the Group in accordance with the strategies, policies and business plans approved by the Board. He is assisted by amongst others, Mr. Tan Tee How (the Company's other Executive Director), the CFO and Management to oversee the daily running of the Group's operations and execution of strategies and plans.

Mrs. Celine Tang and Mr. Raymond Chia do not have any familial relationship.

Provision 3.3 – Lead Independent Director

The Board is of the view that there are sufficient safeguards and checks in place to ensure that there is a good balance of power, accountability and capacity of the Board for independent decision-making. Mr. Abdul Jabbar is the Lead Independent Director as at the date of this report.

Shareholders with concerns may contact the Lead Independent Director directly when contact through the normal channels via the Non-Executive and Non-Independent Chairman, the Executive Directors, the Group CEO or the CFO fails to provide satisfactory resolution, or when such contact is inappropriate. The Lead Independent Director can be contacted at LeadID@chipengseng.com.sg.

PRINCIPLE 4: BOARD MEMBERSHIP

Provisions 4.1 and 4.2 – NC's duties and composition

The NC has a set of written terms of reference, which provides that its composition shall comprise at least three Directors, the majority of whom including the chairman of the NC, shall be independent. The NC comprises the following three members, all of whom are Independent Directors:

1. Prof. Yaacob Bin Ibrahim (NC chairman)
2. Mr. Lock Wai Han
3. Dr. Neo Boon Siong

Following Mr. Ang Mong Seng's retirement at the conclusion of the AGM held on 23 April 2021, he stepped down as a member of the NC. With effect from 1 May 2021, Prof. Low Teck Seng also stepped down as a member of the NC while Dr. Neo Boon Siong was appointed as a member of the NC. The NC and the Board are of the view that the current composition of the NC is adequate and in accordance with the NC's terms of reference.

The NC holds at least one NC meeting in a year and whenever warranted by particular circumstances deemed appropriate by the NC.

The NC's key terms of reference include the following:

- making recommendations to the Board on relevant matters relating to succession plans for the chairman of the Board, Directors, Group CEO and other key management personnel (including regarding their appointment and/or replacement);
- making recommendations to the Board on relevant matters relating to evaluation of the performance of the Board, the Board Committees and the individual Directors. The NC also proposes and recommends for the Board's approval, objective performance criteria and processes for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the chairman of the Board and each individual Director to the Board;
- making recommendations to the Board on relevant matters relating to the training and professional development programmes for the Board and the Directors, including ensuring that new Directors are aware of their duties and obligations and undergo an appropriate induction programme;
- making recommendations to the Board on relevant matters relating to the appointment and re-appointment of all Directors (including any alternate Directors) and on membership of the Board Committees;
- regularly reviewing the structure, size and composition of the Board and Board Committees, having regarding to skillset, qualification, gender, age, experience and diversity;
- reviewing other directorships and principal commitments held by each Director and decide whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director, taking into consideration the number of listed company directorships held by the Director and his/her principal commitments; and
- reviewing and determining annually (or whenever necessary), the independent status of Directors (and that of the alternate Directors (if applicable)), having regard to the Code and the SGX-ST Listing Manual.

The NC has explicit authority to assist the Board to fulfil its roles and responsibilities in accordance with its terms of reference and is authorised to obtain independent professional advice. It has full access to seek any information it requires from any of the Joint Company Secretaries and any employee of the Group insofar as legally permissible. It also has full discretion to meet any employee of the Group and third-party service providers it deems necessary without the presence of Management.

The principal activities of the NC during FY2021 are summarised below:

a. reviewed and recommended to the Board the nomination of Directors for re-election at the AGM held on 23 April 2021;

b. reviewed and recommended to the Board the appointment of Mr. Abdul Jabbar as the new Lead Independent Director (following the retirement of Mr. Ang Mong Seng as the previous Lead Independent Director) and changes to the composition of the Board Committees;

c. reviewed other directorships and principal commitments held by each Director and decided whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director;

d. reviewed the findings of the assessment based on the Performance Evaluation Forms (as defined below) and each Board member's Board assessment form and self-assessment form;

e. reviewed the size and composition of the Board and each Board Committee;

f. reviewed and assessed the independence of each Independent Director;

g. recommended training and professional development programmes for the Directors; and

h. reviewed and recommended to the Board the appointment of Mr. Teo Tiong Yong as the executive director and chief operating officer of the Group's construction division.

Provision 4.1(a) – Succession Planning

The NC regards succession planning as an important part of corporate governance and places strong emphasis on its recommendations to the Board on relevant matters relating to succession plans for the Board, key management personnel and other senior members of Management.

In reviewing succession plans, the NC considers the Company's strategic priorities and the factors affecting the long-term success of the Group.

In relation to succession plans for Directors, the NC aims to maintain an optimal Board composition by considering the trends affecting the Group, reviewing the skills needed, and identifying gaps (including considering whether there is an appropriate level of diversity of thought). In relation to succession plans for key management personnel, the NC reviews the mechanisms for identifying strong candidates and takes an active interest in how key talent is managed within the Group and the initiatives in developing them to take on senior positions in the future.

The NC has considered contingency planning for the replacement of key management personnel in the event of sudden and unforeseen changes, and will also consider different time horizons for succession planning for the Directors and key management personnel.

Provision 4.3 – Process for selection and appointment of new Directors

The NC has put in place a formal process for the selection of new Directors to increase transparency of the nomination process in identifying and evaluating nominees for Directors. The NC leads the process as follows:

- The NC evaluates the balance of skills, knowledge and experience of the existing Board and the requirements of the Group, taking into consideration the requirements in the Board Diversity Policy. Following such evaluation, the NC determines the role and the key attributes that an incoming Director should have.

- After endorsement by the Board of the key attributes, the NC taps on resources such as Directors' personal contacts and recommendations for potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies will be appointed in the search process. No external search consultant was engaged in FY2021. No new Director was appointed to the Board in FY2021.

- The NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.

- The NC recommends the most suitable candidate to the Board for appointment as Director.

In assessing the suitability of a potential new director, the NC and the Board will also take into consideration whether such candidate had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. In addition, in the case where the candidate has resigned from his/her previous company to take on the directorship, the NC and the Board will assess whether the circumstances surrounding his/her resignation cast any doubt on such candidate's qualification and ability to act as a Director of the Company.

Provision 4.3 – Process for re-election/re-appointment of Directors

The NC is responsible for making recommendations for the re-election/re-appointment of Directors. In its deliberations on the re-election/re-appointment of existing Directors, the NC takes into consideration the Director's contribution and performance.

The assessment parameters include attendance record, level of preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of participation and special contribution.

All Directors submit themselves for re-nomination and re-election/re-appointment at regular intervals of at least once every three years. Regulation 115 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be subject to re-election at the Company's AGM.

In addition, Regulation 119 of the Company's Constitution provides that a Director appointed during the financial year must retire and submit himself/herself for re-election at the next AGM following his/her appointment. Thereafter, he or she is subject to re-election at least once every three years.

Pursuant to Regulation 115 of the Company's Constitution, Mr. Raymond Chia, Mr. Abdul Jabbar and Prof. Yaacob Bin Ibrahim will retire at the forthcoming AGM.

The NC is satisfied that Mr. Raymond Chia, Mr. Abdul Jabbar and Prof. Yaacob Bin Ibrahim, who are retiring in accordance with the Company's Constitution at the forthcoming AGM, are properly qualified for re-election by virtue of their skillset and experience, and their contribution in terms of guidance and time to the Board. Furthermore, the re-election of Mr. Abdul Jabbar and Prof. Yaacob Bin Ibrahim will continue to add ethnic diversity to the Board. Accordingly, the NC has recommended to the Board the re-election of these three Directors. Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a Director.

CORPORATE GOVERNANCE REPORT

The requirements under Rule 720(6) of the SGX-ST Listing Manual are set out below:

Name of person	**Raymond Chia ("Mr. Chia")**	**Abdul Jabbar ("Mr. Jabbar")**	**Yaacob Bin Ibrahim ("Prof. Yaacob")**
Date of Appointment	1 February 2016	2 February 2018	20 February 2020
Date of last re-appointment/ re-election (if applicable)	29 May 2020	29 May 2020	29 May 2020
Age	55	52	66
Country of Principal Residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	Mr. Chia has served in different roles within the Group since 1994 and rose through the ranks to his current appointment. He has vast experience in the areas of real estate and construction, which form the backbone of the Group's core businesses. The NC has recommended that Mr. Chia be re-elected, taking into account the instrumental role which Mr. Chia, as Executive Director and Group CEO, has played in overseeing the businesses and operations of the Group and charting the long-term growth of the Group. In making its recommendation, the NC has also considered the size, composition and diversity of skillsets within the Board. The Board supported the NC's recommendation. Mr. Chia had abstained from making any recommendation and/or participating in the deliberation in respect of his own re-election and also abstained from voting on any resolution passed by the Board in respect of his own re-election.	Mr. Jabbar is a lawyer by profession and has extensive experience in corporate transactions and advising on corporate governance, compliance and regulatory matters. He has thus been able to provide valuable and relevant guidance to the Group, drawing from his professional expertise. The NC has recommended that Mr. Jabbar be re-elected, taking into account the valuable insight and advice contributed by Mr. Jabbar. In making its recommendation, the NC has also considered the size, composition and diversity of skillsets within the Board. The Board supported the NC's recommendation. Mr. Jabbar had abstained from making any recommendation and/or participating in the deliberation in respect of his own re-election and also abstained from voting on any resolution passed by the Board in respect of his own re-election.	Prof. Yaacob has substantial work experience both in the public and private sectors. Prof. Yaacob's expertise in the areas of engineering, cybersecurity and sustainability are particularly relevant to the Group as these are areas of increasing importance to the Group's businesses. The NC has recommended that Prof. Yaacob be re-elected, taking into account his track record, experience and capabilities to, amongst others, provide insight and guidance to the expansion of the Group's businesses and provide the Board with different perspectives during Board discussions. In making its recommendation, the NC has also considered the size, composition and diversity of skillsets within the Board. The Board supported the NC's recommendation. Prof. Yaacob had abstained from making any recommendation and/or participating in the deliberation in respect of his own re-election and also abstained from voting on any resolution passed by the Board in respect of his own re-election.
Whether appointment is executive, and if so, the area of responsibility	Executive, Responsible for the Group's overall operations, strategic planning and investment decisions.	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC chairman, AC member etc.)	Executive Director and Group CEO	Lead Independent Director, chairman of the RC and a member of the ARC and the IC	Independent Director, chairman of the NC and a member of the ARC and the RC
Professional Qualifications	Please refer to the Directors' respective biographies on pages 26 to 29 of this Annual Report.		

CORPORATE GOVERNANCE REPORT

Name of person	Raymond Chia ("Mr. Chia")	Abdul Jabbar ("Mr. Jabbar")	Yaacob Bin Ibrahim ("Prof. Yaacob")
Working experience and occupation(s) during the past 10 years	June 2007 to December 2014: Group CEO of the Company January 2013 to December 2014: Executive Deputy Chairman of the Company April 2015 to January 2016: Chief Executive Officer of LGB Corporation Pte. Ltd. May 2016 to October 2018: Executive Chairman of the Company February 2016 to present: Executive Director and Group CEO of the Company	July 1999 to present: Executive Committee Partner and Head of Corporate and Transactional Practice, Rajah and Tann Singapore LLP (i.e. current position held)	May 2003 to April 2018: Minister-in-charge of Muslim Affairs May 2011 to April 2018: Minister of Ministry of Communications and Information May 2011 to August 2015: MP of Moulmein-Kallang Group Representation Constituency ("**GRC**") September 2015 to June 2020: MP of Jalan Besar GRC November 2015 to April 2018: Minister-in-charge of Cyber Security July 2018 to present: Advisor of Infocomm Media Development Authority (IMDA) in relation to the Kampong Glam Digitalisation Project August 2018 to present: Professor of Engineering, Singapore Institute of Technology ("**SIT**") August 2018 to present: Advisor to the President of SIT October 2018 to present: Board of Trustees of Building Construction and Timber Industries Employees' Union (BATU) January 2019 to present: Director of Surbana Jurong Private Limited
Shareholding interest in the listed issuer and its subsidiaries	(i) 15,406,250 ordinary shares (direct interest) (ii) 12,127,500 ordinary shares (deemed interest) held by his spouse, Mdm. Lim Sock Joo (iii) 35,000,000 options (which are exercisable into 35,000,000 ordinary shares)	Nil	100,000 ordinary shares (direct interest)

CORPORATE GOVERNANCE REPORT

Name of person	Raymond Chia ("Mr. Chia")	Abdul Jabbar ("Mr. Jabbar")	Yaacob Bin Ibrahim ("Prof. Yaacob")
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Spouse of Mdm. Lim Sock Joo, an Executive Director of CEL Development Pte. Ltd., a wholly-owned subsidiary of the Company	Nil	Nil
Conflict of interest (including any competing business)	Mr. Chia currently holds an effective shareholding interest of 40% in LGB Corporation Pte. Ltd. (together with its subsidiaries, the "**LGB Group**") which is also in the property development business. As announced previously, the Company allows Mr. Chia to remain as a passive shareholder of LGB Corporation Pte. Ltd. on the basis that the LGB Group will not engage in any further property development projects, save for one project in Adelaide, Australia. The Board is of the opinion that allowing Mr. Chia to remain as a passive shareholder of LGB Corporation Pte. Ltd. will not compete with the businesses of the Group, nor will it impede Mr. Chia in carrying out his duties and responsibilities as an Executive Director of the Company and the Group CEO.	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

CORPORATE GOVERNANCE REPORT

Name of person	**Raymond Chia (“Mr. Chia”)**	**Abdul Jabbar (“Mr. Jabbar”)**	**Yaacob Bin Ibrahim (“Prof. Yaacob”)**
Present principal commitments (including directorships)	Please refer to provision 4.5 below for the present directorships/chairmanships in other listed companies and other principal commitments. Directorships and chairmanships in non-listed companies (other than those held within the Group) are as follows: • Board member of Ren Ci Hospital	Please refer to provision 4.5 below for the present directorships/chairmanships in other listed companies and other principal commitments. Directorships and chairmanships in non-listed companies are as follows: • Director of Acist Asia Pte. Ltd. • Director of Aghaby Operations Pte. Ltd. • Director of Aghaby Investments Pte. Ltd. • Director of Aghaby Holding Pte. Ltd. • Director of Bloomar Holding Pte. Ltd. • Director of Bracco Diagnostics Asia Pte Ltd • Director of Gratus Holding Pte. Ltd. • Director of Hartford Steam Boiler (Singapore) Pte Ltd • Director of ISCA Cares Limited • Director of Ivy Mobile Technologies Pte. Ltd. • Director of Gratus Investments Pte. Ltd. • Director of R & T Corporate Services Pte. Ltd. • Director of RTA Collab Capital Pte. Ltd.	Please refer to provision 4.5 below for the present directorships/chairmanships in other listed companies and other principal commitments. Directorships and chairmanships in non-listed companies are as follows: • Independent Director of Singapore Power Limited • Director of The National Kidney Foundation • Non-Executive Chairman of Rekanext Capital Partners Pte. Ltd. • Director of Community Leadership and Social Innovation Centre of SIT, Singapore

CORPORATE GOVERNANCE REPORT

Name of person	Raymond Chia ("Mr. Chia")	Abdul Jabbar ("Mr. Jabbar")	Yaacob Bin Ibrahim ("Prof. Yaacob")
Past principal commitments for the last 5 years (including directorships)	Past principal commitments including directorships/ chairmanships (other than those held within the Group) for the last 5 years are as follows: • Vice-President of The Singapore Scout Association • Executive Chairman of the Company • Chairman of Seacare Properties Pte Ltd • Director of Seacare Holdings Pte Ltd	• Director of N A Cold Storages Pte. Ltd. *(struck off)* • Alternate Director of IP Holding Asia Singapore Pte. Ltd. *(struck off)* • Director of LGB Investments Pte. Ltd. • Alternate Director of The Toro Company (Asia) Pte. Ltd. • Director of Ray of Hope • Director of 5ASR Pte. Ltd. • Director of Pirie Investments Pte. Ltd. • Director of LGB Corporation Pte. Ltd. • Director of One NT Pte. Ltd. • Director of LGB (Vietnam) Pte. Ltd. • Director of HP Retail Pte. Ltd. • Director of Temperantia Pte. Ltd. • Director of OUE Lippo Hospitals International Pte. Ltd. • Director of Huakee Capital Management Pte. Ltd. • Director of Honey Crisps Pte. Ltd. • Director of Rising Phoenix 1 Pte. Ltd. • Director of Rising Phoenix 2 Pte. Ltd. • Director of Rising Phoenix 3 Pte. Ltd. • Director of ISGEC Investments Pte. Ltd. • Director of Ginkgo Valley Pte. Ltd.	• Minister-in-charge of Muslim Affairs • Minister-in-charge of Cyber Security • Minister of Ministry of Communications and Information • MP of Jalan Besar GRC

The Company confirms that there is no change in the responses to declaration items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual concerning the Directors to be re-elected, which response to each item is a "no".

**The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*

CORPORATE GOVERNANCE REPORT

Provision 4.4 – Review of Directors' independence

The NC determines the independence of each Director annually. For the purpose of the NC's determination, every Director is required to provide a declaration of his/her independence based on the Revised Definition on Director's Independence.

With respect to FY2021, all of the Independent Directors have declared their independence based on the Revised Definition on Director's Independence.

The Board reviews and determines whether each Director is independent, taking into account the views of the NC and any existence of relationship or circumstances, including those identified in the Code and the SGX-ST Listing Manual.

The NC has also assessed and concluded that Mr. Abdul Jabbar, who is a partner of Rajah and Tann Singapore LLP ("**Rajah & Tann**"), is independent notwithstanding the business relationship between the Company and Rajah & Tann. While Rajah & Tann provides corporate secretarial services on a retainer basis and from time to time, legal services to the Group, Mr. Abdul Jabbar does not hold more than 5% stake in Rajah & Tann.

After taking into account the views of the NC, the Board considers that all the Independent Directors are independent in character and judgement and that there are no relationships or circumstances which are likely to affect or could appear to affect the Directors' judgement.

Each Independent Director had recused himself from the NC's and Board's deliberations on his own independence.

The Board also recognises that Independent Directors may over time develop significant insights in the Group's businesses and operations, and continue to provide significant and valuable contributions objectively to the Board as a whole. The Board will conduct a rigorous review of each Independent Director's continuing contribution and independence and if warranted, may exercise its discretion to extend the tenures of these Directors.

On or after 1 January 2022, a Director who has served on the Board for an aggregate period of more than nine years will not be independent unless separate resolutions for such continued appointment is tabled to, and approved by, shareholders present and voting at a general meeting in the manner described in Rule 210(5)(d)(iii) of the SGX-ST Listing Manual. Presently, none of the Independent Directors has served on the Board beyond nine years from the date of their first appointment.

Provision 4.5 - Directors' time commitments and multiple Directorships

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a Director. Each Director is also required to confirm annually to the NC as to whether he/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a Director.

In making this determination, the NC takes into account the results of the assessment of the effectiveness of the individual Director, the Director's annual confirmation and the Directors' actual conduct on the Board.

In respect of FY2021, the NC was of the view that the number of directorships held by each Director were in line with the Company's guideline of a maximum of eight listed company board representations and that each Director has discharged his/her duties adequately.

CORPORATE GOVERNANCE REPORT

Key information on the Directors is set out below:

Name of Director	Position	Date of first appointment as a Director	Date of last re-election/re-appointment as a Director	Present directorships or chairmanships in other listed companies	Past directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-election/ re-appointment at the forthcoming AGM
Celine Tang	Non-Independent and Non-Executive Director and Non-Executive Chairman	11 October 2018	23 April 2021	Non-Executive Chairman of OKH Global Ltd. ("**OKH**")	Group Managing Director of SingHaiyi Group Ltd. (delisted from the Official List of the SGX-ST with effect from 9.00 a.m. on 31 January 2022, and now known as SingHaiyi Group Pte. Ltd.)	• Executive Director of Haiyi Holdings Pte. Ltd. • Group Managing Director of SingHaiyi Group Pte. Ltd. • Advisory Committee member of JuYing Secondary School • Executive Director of Tang Dynasty Fund Pte Ltd • Non-Executive Director of American Pacific International Capital Inc.	N.A.
Raymond Chia	Executive Director and Group CEO	1 February 2016	29 May 2020	None	None	• President of The Singapore Scout Association • Board member of Ren Ci Hospital	Retirement by rotation (Regulation 115)
Tan Tee How	Executive Director	2 February 2018	23 April 2021	Independent Director of Hong Leong Finance Limited	None	• Chairman of the Casino Regulatory Authority of Singapore • Chairman of National Healthcare Group • Independent Director of MOH Holdings Pte Ltd • Independent Director of Temus Pte Ltd	N.A.

CORPORATE GOVERNANCE REPORT

Name of Director	Position	Date of first appointment as a Director	Date of last re-election/re-appointment as a Director	Present directorships or chairmanships in other listed companies	Past directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-election/re-appointment at the forthcoming AGM
Yam Ah Mee	Non-Executive and Non-Independent Director	12 December 2019	29 May 2020	None	None	• Director of CES_SDC Pte. Ltd., a wholly-owned subsidiary of the Company • Director of Sembcorp Architects & Engineers Pte. Ltd. • Director of Sembcorp Specialised Construction Pte. Ltd. • Director of SDCI (Bangladesh) Limited • EXCO and Council Member of Workplace Safety & Health Council (WSHC) • Chairman of WSHC Construction and Landscape Industry Sector • Member of MINDEF External Review Panel for Safety • Vice Chairman of Christian National Evangelistic Commission (CNEC)	N.A.
Abdul Jabbar	Independent Director	2 February 2018	29 May 2020	Independent Director of Global Investments Limited	None	Executive Committee Partner and Head of Corporate and Transactional Practice, Rajah & Tann	Retirement by rotation (Regulation 115)

CORPORATE GOVERNANCE REPORT

Name of Director	Position	Date of first appointment as a Director	Date of last re-election/re-appointment as a Director	Present directorships or chairmanships in other listed companies	Past directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-election/ re-appointment at the forthcoming AGM
Lock Wai Han	Independent Director	11 October 2018	23 April 2021	• Executive Director and Chief Executive Officer of OKH • Independent Non-Executive Director of ARA Trust Management (Suntec) Limited • Independent Non-Executive Director of The Hour Glass Limited	None	• Chairman of Media Literacy Council • President of Anglo Chinese School OBA Management Committee	N.A.
Low Teck Seng	Independent Director	12 December 2019	29 May 2020	• Independent Director of ExcelPoint Technology Ltd. • Independent Director of Ucrest Berhad • Independent Director of Key Asics Berhad	ISEC Healthcare Ltd	• Chief Executive Officer of National Research Foundation • Board member of PUB, Singapore National Water Agency	N.A.
Neo Boon Siong	Independent Director	12 December 2019	29 May 2020	None	Keppel Telecommunications & Transportation Ltd.	• Director of Board of Trustees of Wealth Management Institute Ltd • Director of Wealth Management Institute International Pte Ltd	N.A.

CORPORATE GOVERNANCE REPORT

Name of Director	Position	Date of first appointment as a Director	Date of last re-election/re-appointment as a Director	Present directorships or chairmanships in other listed companies	Past directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-election/re-appointment at the forthcoming AGM
Yaacob Bin Ibrahim	Independent Director	20 February 2020	29 May 2020	Independent Director of Oceanus Group Limited	None	• Director of Surbana Jurong Private Limited • Board of Trustees of Building Construction and Timber Industries Employees' Union (BATU) • Professor of Engineering, SIT • Chairman, Board of Governors of Earth Observatory of Singapore • Professor-in-practice of Lee Kuan Yew School of Public Policy, National University of Singapore ("**NUS**") • Director of The National Kidney Foundation • Independent Director of Singapore Power Limited • Chairman, Board of Governors of St John's Island National Marine Laboratory, NUS	Retirement by rotation (Regulation 115)

Note:

The details of the Directors' credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and directorships can be found in the Board of Directors and Directors' Statement sections of this Annual Report.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 5: BOARD PERFORMANCE

Provisions 5.1 and 5.2 – Assessments of the Board, Board Committees and individual Directors

The Board has implemented a process for the NC to assess the effectiveness of the Board as a whole, each of the Board Committees and individual Directors on an annual basis.

The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, which allows for comparisons with industry peers and which address how the Board has enhanced shareholders' value for the long term. It also considers the Company's share price performance on a quarterly basis.

At the end of each year, each Board member is required to complete a Board assessment form and self-assessment form and submit the completed forms to the chairman of the NC before the NC meeting. Based on the responses, a consolidated report will be presented and further discussed at a NC meeting. Following the NC's deliberation, the NC chairman will report the results with the recommendations to the Board.

The chairman of each Board Committee is required to complete a questionnaire annually on the effectiveness of such Board Committee ("**Performance Evaluation Form**"). The results and findings of the assessment based on the Performance Evaluation Forms will be presented and further discussed at a NC meeting. Following the NC's deliberation, the NC chairman will report the results with the recommendations to the Board.

The evaluation of individual Directors assesses whether each Director continues to contribute effectively and demonstrates commitment to the role (including commitment of time for Board and Board Committee meetings and duties). In making the determination, the NC takes into account the results of the assessment of the effectiveness of the individual Director, the Director's annual confirmation and actual conduct on the Board and Board Committees.

The NC is generally satisfied with the performance of the Board, the individual Directors and the Board Committees for FY2021. No significant problems were identified.

The NC had also discussed the results of the evaluation with the Board and/or Board Committee members and provided feedback on the areas of strength and the areas that could be improved. The NC and the Board will continue to evaluate and improve the process for assessing the effectiveness of the Board, Board Committees and individual Directors.

The chairman of the Board will keep in view the results of the performance evaluation, and where appropriate, take action to propose new members to be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

To-date, no external facilitator has been engaged for the assessment and evaluation of the Board, Board Committees and individual Directors.

REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Provisions 6.1 and 6.2 – RC's duties and composition

The RC has a set of written terms of reference, which provides that its composition shall comprise at least three Directors, all of whom shall be NEDs, and the majority of whom, including the RC chairman, shall be independent. The RC comprises the following three members, all of whom are Independent Directors:

1. Mr. Abdul Jabbar, Lead Independent Director (RC chairman)

2. Prof. Low Teck Seng

3. Prof. Yaacob Bin Ibrahim

Mr. Ang Mong Seng stepped down as the chairman of the RC following his retirement as a Director of the Company at the conclusion of the AGM held on 23 April 2021. Mr. Abdul Jabbar was appointed as chairman of RC with effect from 1 May 2021. Prof. Yaacob Bin Ibrahim was also appointed as a member of the RC with effect from 1 May 2021.

Pursuant to the revised terms of reference adopted in January 2021, the RC holds meetings at least twice a year during the Company's reporting and audit cycle starting from FY2021.

CORPORATE GOVERNANCE REPORT

The RC's key terms of reference include the following:

- reviewing and making recommendations to the Board on all aspects of remuneration, including Directors' fees and the Company's remuneration policies;
- reviewing and making recommendations to the Board on the framework of remuneration for the Board chairman, the Directors, the Group CEO and other key management personnel;
- reviewing and making recommendations to the Board on the specific remuneration packages for each Director, the Group CEO and other key management personnel;
- reviewing the remuneration of any employees who are immediate family members of the Directors, the Group CEO or the substantial shareholders;
- reviewing and making recommendations to the Board on the talent management and remuneration framework for the Group, including staff development and succession planning;
- monitoring the level and structure of remuneration relative to internal and external peers and competitors;
- ensuring that the contractual terms and any termination payments are fair to the individual and the Company; and
- administering the Chip Eng Seng Employee Share Option Scheme 2013 ("**ESOS**") and the Chip Eng Seng Performance Share Plan ("**CES Share Plan**") in accordance with the respective rules adopted (if applicable). Details of the ESOS and CES Share Plan are disclosed in the Directors' Statement section of this Annual Report.

The RC has explicit authority to assist the Board to fulfil its roles and responsibilities in accordance with its terms of reference and approve performance measures and targets in the associated remuneration framework. The RC is also authorised to obtain independent professional advice and has full access to obtain information from Management, the Joint Company Secretaries of the Company or any employee of the Group where necessary.

The principal activities of the RC during FY2021 are summarised below:

a. reviewed and recommended to the Board the remuneration of the Executive Directors, key management personnel and employees who are related to the Group CEO, including reviewing the terms of contracts of service that were due for renewal during FY2021;

b. reviewed the Company's obligations in the event of termination of the contract of service of any of the Executive Directors and key management personnel;

c. reviewed and recommended to the Board the Directors' fees following the changes to the composition of the Board Committees; and

d. reviewed the status of the ESOS and CES Share Plan.

<u>Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any</u>

In FY2021, the RC met thrice and carried out its duties in accordance with its terms of reference. The RC also reviewed the Group's obligations arising in the event of termination of the contract of service of any of the Executive Directors and other key management personnel, to ensure that such contracts of service contain fair and reasonable termination clauses.

The RC's recommendations were made in consultation with the chairman of the Board and none of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him/her.

For FY2021, there were no termination, retirement and post-employment benefits granted to Directors and key management personnel. The RC did not engage the services of any external remuneration consultant in FY2021. Nevertheless, the RC may seek advice from external remuneration consultants from time to time and where necessary in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 8: DISCLOSURE OF REMUNERATION

Provisions 7.1 to 7.3, and provision 8.3 – Level and mix of remuneration

The level and structure of remuneration of the Board and key management personnel is designed to be appropriate and proportionate to the sustained performance and value creation of the Group, taking into account the strategic objectives of the Group.

Framework for remuneration of Executive Directors and other key management personnel

The Company has a framework of remuneration for the Executive Directors, staff related to any of the Directors, the Group CEO or other key management personnel.

The remuneration framework seeks to ensure that the Group is able to attract, motivate and retain employees to deliver long-term shareholder returns taking into consideration risk management principles and standards set out in the Code. The following shows the three main thrusts of the Group's remuneration strategy and how they are implemented within the Group:

Main thrusts	Details
Pay for performance	• Instill and drive a pay-for-performance culture • Ensure close linkage between total compensation and annual and long-term business objectives • Calibrate mix of fixed and variable pay to drive sustainable performance that is aligned to the Group's values, taking into account qualitative and quantitative factors
Competitive market pay	• Benchmarking total compensation against other organisations of similar size and standing in the markets that the Group operates in
Guarding against excessive risk-taking	• Focus on achieving risk-adjusted returns that are consistent with prudent risk and capital management as well as emphasis on long-term sustainable outcomes • Design payout structure to align incentive payments with the long-term performance of the Group, for instance, certain components of the incentive payments will be paid over the course of a specified period of time, and providing for clawback arrangements in the service contract of the relevant personnel

Under this framework, the total remuneration comprises fixed and variable components. The fixed component comprises basic salary (which includes employer's contributions to the Central Provident Fund and may in certain circumstances, also include contractual bonus and contractual entitlement to awards under the CES Share Plan) and fixed allowances.

In setting remuneration packages, the RC takes into account pay and employment conditions within the same industry and with comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel.

The variable component comprises non-contractual performance bonus and profit sharing that are linked to corporate and individual performance, share options and employer's Central Provident Fund contribution with respect to that payment.

The Company also has an ESOS and CES Share Plan, which aim to provide long-term incentives for Directors and key management personnel to encourage loyalty and align the interest of the Directors and key management personnel with those of the shareholders. For details of the ESOS and CES Share Plan, please refer to the Directors' Statement section of this Annual Report.

CORPORATE GOVERNANCE REPORT

Use of contractual provisions for Executive Directors and other key management personnel

The service contract with each Executive Director and other key management personnel contains a reclamation of incentive component clause to safeguard the Group's interest in exceptional circumstances of restatement of financial results, or misconduct resulting in financial loss or fraud by such Executive Director or other key management personnel.

Framework for NEDs' fees

The RC reviews the scheme put in place by the Company for rewarding the NEDs to ensure that the compensation is commensurate with the responsibilities of, and the time and effort expended by, the NEDs.

Having regard to the scope and extent of the responsibilities and obligations of the NEDs, prevailing market conditions, and taking reference from fees against comparable benchmarks, the Board has agreed with the RC's recommendation that the fee structure for NEDs in FY2021 will continue to apply in FY2022.

The fees for NEDs comprise a basic retainer fee and additional fees for appointment to Board Committees. The chairman of each Board Committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility shouldered by the relevant chairman.

Each member of the RC will abstain from making any recommendation and/or participating in any deliberations of the RC, and voting on any resolutions, in respect of his own remuneration.

The framework for determining NEDs' fees in FY2021 and FY2022 is as follows:

Basic retainer fee	
Chairman of the Board	S$100,000 per annum
NEDs	S$50,000 per annum
ARC	
Committee chairman	S$30,000 per annum
Committee member	S$20,000 per annum
IC	
Committee chairman	S$20,000 per annum
Committee member	S$10,000 per annum
NC or RC	
Committee chairman	S$10,000 per annum
Committee member	S$5,000 per annum

The Directors' fees payable to NEDs are recommended by the RC, submitted to the Board for endorsement and thereafter subject to shareholders' approval at the Company's forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Provision 8.1(a) – Directors' remuneration/fees and remuneration of the Group CEO

A summary of the remuneration of each Director and the Group CEO which is paid or payable by the Company for FY2021 is set out below:

Remuneration band and name of Director/Group CEO	**Base salary[1]**	**Variable payment[2]**	**Other Benefits[3]**	**Fees[4]**	**Total**
Above S$1,000,000					
Raymond Chia[5]	67%	32%	1%	–	100%
Tan Tee How	92%	6%	2%	–	100%
Below S$200,000					
Celine Tang	–	–	–	100%	100%
Yam Ah Mee[6]	–	–	–	100%	100%
Ang Mong Seng[7]	–	–	–	100%	100%
Abdul Jabbar	–	–	–	100%	100%
Lock Wai Han	–	–	–	100%	100%
Low Teck Seng	–	–	–	100%	100%
Neo Boon Siong	–	–	–	100%	100%
Yaacob Bin Ibrahim	–	–	–	100%	100%

Notes:

(1) Base salary includes contractual bonus, contractual entitlement to awards under the CES Share Plan and employer's Central Provident Fund contributions.

(2) Variable payment includes performance bonus, profit sharing, share options and employer's Central Provident Fund contribution with respect to that payment.

(3) Other benefits refer to benefits-in-kind such as car benefits made available as appropriate.

(4) Approved by shareholders as a lump sum at the AGM held on 23 April 2021.

(5) Mr. Raymond Chia is both an Executive Director and the Group CEO.

(6) For FY2021, besides Director's fees, Mr. Yam Ah Mee also received consultancy fees under a contract for services. Please refer to the section below on Principle 10 Audit and Risk Committee-IPTs for more details.

(7) Mr. Ang Mong Seng retired as a Director of the Company pursuant to Regulation 115 of the Company's Constitution at the conclusion of the AGM held on 23 April 2021. His Director's fees for FY2021 were pro-rated accordingly.

To protect the interests of the Group, the remuneration of Mr. Raymond Chia and Mr. Tan Tee How is not disclosed in dollar terms and is instead disclosed in band with no upper limit in view of the sensitive and confidential nature of such information. The Company operates in a highly competitive environment where poaching of employees by competitors is fairly common.

As such, the Board believes that such disclosure would be disadvantageous to the Group. The total remuneration of the Directors (including Directors' fees) is set out in the financial statements on page 209 of this Annual Report.

Despite having varied from provision 8.1(a) of the Code, the Board believes that consistent with the intent of principle 8 of the Code, sufficient information has been disclosed for shareholders' understanding with respect to the Group's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Save as disclosed in this report, the remuneration of NEDs comprises only Directors' fees. The framework for determining the NEDs' fees is disclosed in the earlier paragraph (Framework for NEDs' fees).

Provision 8.1(b) - Remuneration of top five key management personnel

In the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company has weighed the advantages and disadvantages of disclosing details of the individual and aggregate remuneration of the Group's top five key management personnel (who are not Directors or the Group CEO) for FY2021 and believe that such disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in. The remuneration package of the top five key management personnel (who are not Directors or the Group CEO), comprising mainly salaries and bonuses, aggregated to a total remuneration of S$2,571,000 for FY2021. The profiles of the Group's key management personnel can be found on pages 30 and 31 of this Annual Report.

Despite having varied from provision 8.1(b) of the Code, the Board believes that consistent with the intent of principle 8 of the Code, sufficient information has been disclosed for shareholders' understanding with respect to the Group's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.2 – Disclosure on remuneration of employees who are substantial shareholders, immediate family members of a Director, the Group CEO or a substantial shareholder of the Company, whose remuneration exceeds S$100,000

	Relationship with Director/Group CEO/ Substantial Shareholder	Base salary[(1)]	Variable payment[(2)]	Other benefits[(3)]	Total
$300,000 to $400,000					
Lim Sock Joo	Spouse of Raymond Chia[(4)]	83%	13%	4%	100%

Notes:

(1) Base salary includes employer's Central Provident Fund contributions.

(2) Variable payment includes performance bonus and employer's Central Provident Fund contribution with respect to that payment.

(3) Other benefits refer to benefits-in-kind such as car benefits made available as appropriate.

(4) Mr. Raymond Chia is an Executive Director and the Group CEO.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

Provision 9.1 – Maintenance of a sound risk management system and internal controls

The Board, with support from the ARC, is responsible for the governance of risks by ensuring that Management maintains a sound risk management system and internal controls to safeguard the interests of the Group and that of the Company's stakeholders.

In particular, the Board, with support from the ARC, is responsible for ensuring that the Company puts in place adequate safeguards to address and mitigate any financial, operating and compliance risks (including sanctions-related risks). The Board and the ARC are responsible for (a) monitoring the Group's risk of becoming subject to, or violating, any sanctions-related law or regulation ("**Sanctions Law**"); and (b) ensuring timely and accurate disclosures to the SGX-ST and other relevant authorities. The ARC shall also have the duty to assess whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group and continuous monitoring of the validity of the information provided to shareholders and the SGX-ST.

The Board has overall responsibility for governance risk and exercises oversight of the material risks in the businesses conducted by the Group. The ARC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual report of the Company according to requirements in the SGX-ST Listing Manual and the Code.

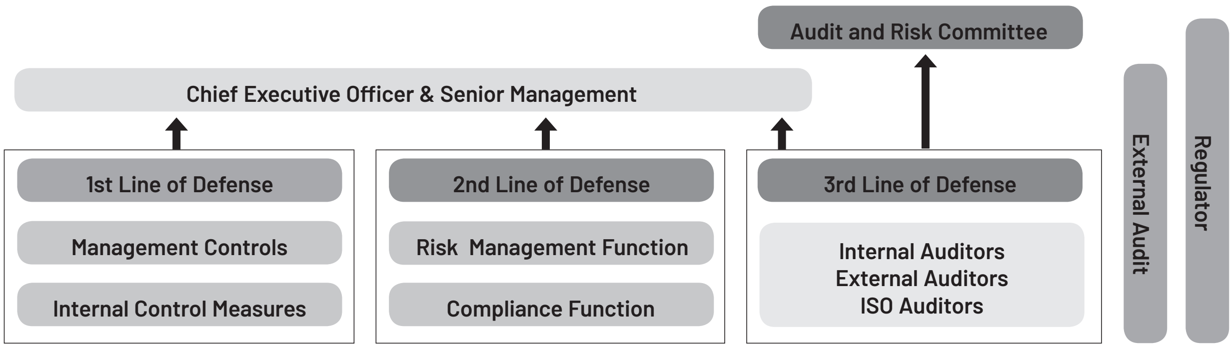
Enterprise Risk Management Framework

The Group has in place an enterprise risk management ("**ERM**") framework to facilitate the identification and management of key risks applicable to the Group as a whole and key risks specific to each business division. The risk register is subject to regular review by Management and regular updates are provided to the ARC.

CORPORATE GOVERNANCE REPORT

Internal Control and Risk Management System

The Group's internal control and risk management system framework comprises of three lines of defence towards ensuring the adequacy and effectiveness of its system of internal controls in managing risks impacting the Group's business.



First line of defence

Under the first line of defence, line and operational managers are responsible for maintaining effective internal control by executing established risk and internal control policies and procedures on a day-to-day basis. These managers identify, assess and mitigate risks based on the Group's ERM framework. They formulate and implement internal policies and procedures and ensure that activities are consistent with operation goals and objectives.

The Group has established several management systems such as the Environment, Health Safety and Quality system, the Data Protection Management system, data protection governance framework and several policies (internal, external notices, information security, document retention and social media).

The Group's Staff Handbook, anti-bribery and corruption and whistle blowing policies that lay out governing policies on employees' code of conduct, conflicts of interest are updated regularly to keep up with best practices to prevent and reduce risk of non-compliance that may adversely impact the Group.

Second line of defence

The Group has established risk management and compliance functions under the second line of defence to monitor the first line of defence control.

The risk management function facilitates and monitors the implementation of effective risk management practices. The risk and compliance officer works with the business unit and function heads and together with their managers to establish effective risk management practices. They are responsible for the development and maintenance of risk management policies and processes and they provide objective review and challenge on the activities undertaken by business and support units. Risks information/profile are recorded in a risk register and is reviewed regularly by the ARC. Top ten risks in the Group are reported to the ARC and monitored.

Third line of defence

The Company engages and appoints internal, external and ISO auditors to perform independence and objective audit review during the year to assess and test the adequacy and effectiveness of internal controls on various risks relating to financial, operational, information technology and compliance.

CORPORATE GOVERNANCE REPORT

The Company has appointed KPMG Services Pte. Ltd. ("**KPMG**" or "**Internal Auditors**") to provide internal audit services. On an annual basis, the Group's internal audit function prepares an audit plan taking into consideration risks identified and assessed from the risk management system. This risk-based audit plan is approved by the ARC and audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in addressing financial, operational, compliance and information technology risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

All audit findings and recommendations made by the internal and external auditors are reported to the ARC and significant findings are discussed at the ARC meetings. The Group's internal audit function follows up on all recommendations to ensure timely remedy of audit issues and reports the status to the ARC on a quarterly basis.

<u>Provision 9.1 – Risks relating to Sanctions Law</u>

The Board confirms that as at the date of this Annual Report, the Group is not at risk of being subject to any Sanctions Law.

<u>Provision 9.2 – Written assurance regarding (i) financial records and financial statements and (ii) adequacy and effectiveness of the Group's risk management and internal control systems</u>

The Board has received written assurance from the Group CEO and the CFO that as at 31 December 2021:

(a) nothing has come to their attention which would render the financial statements of the Group to be false or misleading in any material aspects;

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

(c) the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems ("**Internal Control and Risk Management Systems**") are adequate and effective in addressing the material risks in the Group's current business environment; and

(d) there are no known significant deficiencies or lapses in the Internal Control and Risk Management Systems which could adversely affect the Group's ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Internal Control and Risk Management Systems.

The Board has also received written assurance from other key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group that:

(a) the Internal Control and Risk Management Systems are adequate and effective in addressing the material risks in the Group's current business environment; and

(b) there are no known significant deficiencies or lapses in the Internal Control and Risk Management Systems which could adversely affect the Group's ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Internal Control and Risk Management Systems.

<u>Rule 1207(10) of the SGX-ST Listing Manual</u>

Based on the reviews conducted by Management and KPMG throughout FY2021, the statutory audit conducted by the external auditors, as well as the assurances pursuant to provision 9.2 of the Code received from (i) the Group CEO and the CFO and (ii) other key management personnel, the Board, with the concurrence of the ARC, is of opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems (including those relating to sanctions-related risks) were adequate and effective for FY2021.

The Board notes that the Internal Control and Risk Management Systems currently in place provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

PRINCIPLE 10: AUDIT AND RISK COMMITTEE

Provisions 10.1 to 10.3 – Duties and composition of the ARC

The ARC has a set of written terms of reference, which provides that its composition shall comprise at least three Directors, all of whom shall be NEDs, and the majority of whom, including the ARC chairman, shall be independent. The ARC comprises the following five members, all of whom are Independent Directors:

1. Dr. Neo Boon Siong (ARC chairman)
2. Mr. Abdul Jabbar
3. Mr. Lock Wai Han
4. Prof. Yaacob Bin Ibrahim
5. Prof. Low Teck Seng

The Board is of the view that at least two ARC members, including the ARC chairman, have recent and relevant accounting or related financial management expertise or experience to discharge the ARC's functions. None of the ARC members is a former partner or director of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation, and in any case, for as long as they have any financial interest in the Company's existing auditing firm or auditing corporation.

The ARC holds meetings at least four times during the Company's financial year, out of which twice must be held within the Company's reporting and audit cycle, and otherwise as required, and as often as necessary.

The ARC's key terms of reference include the following:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Group's financial performance;
- reviewing at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems. The ARC also reviews the Board's comments regarding the adequacy and effectiveness of the Group's internal controls and risk management systems and states whether it concurs with the Board's comments received. The ARC may commission an independent audit on the internal controls and risk management systems for its assurance, or where it is not satisfied with the internal controls and risk management systems;
- reviewing the assurance from the Group CEO and the CFO on the financial records and financial statements;
- reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit function and making recommendations to the Board on the appointment, re-appointment or removal of the Company's external auditors as well as the remuneration and terms of engagement of the Company's external auditors;
- reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function, being the primary reporting line of the internal audit function and deciding on the appointment, termination and remuneration of the internal audit function;
- ensuring that the Group complies with the applicable laws and regulations and to ensure that the Company has programmes and policies in place to identify and prevent fraud or irregularity, and discussing with the Company's external auditors, and at an appropriate time report to the Board, if the ARC becomes aware of any suspected fraud or irregularity or suspected infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position, and commission and review the findings of internal investigations into such matters;
- reviewing and ensuring that policies and arrangements are in place for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and to ensure that the Company publicly discloses, and clearly communicates to employees of the Company, the existence and operation of a whistle-blowing policy and procedures for raising their concerns;
- reviewing all IPTs and related party transactions to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Company or its minority shareholders; and
- reviewing potential conflicts of interest (if any) and review and monitor the conflicts of interest positions of the directors, controlling shareholders and their respective associates.

CORPORATE GOVERNANCE REPORT

The ARC has explicit authority to investigate any matters within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of Management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to meet with any relevant person of the Group without the presence of any Executive Director.

The ARC and Board are in the midst of reviewing the ARC's terms of reference to document the following as responsibilities of the ARC: (i) review of sanction-related risks; (ii) the assessment on whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group; and (iii) continuous monitoring of the validity of the information provided to shareholders and the SGX-ST.

Summary of the ARC's activities in FY2021 / Provision 10.5

The ARC met ten times during FY2021. The Group CEO, the CFO and the Joint Company Secretaries were invited to these meetings, and the Internal Auditors and Ernst & Young LLP ("**External Auditors**") were invited to the meetings to the extent their attendance were required. Other members of Management were also invited to attend as appropriate to present reports.

In FY2021, the ARC met once with the External Auditors and Internal Auditors separately, without the presence of Management. These meetings provide a forum for the External Auditors and Internal Auditors to raise issues encountered in the course of their work directly to the ARC.

The principal activities of the ARC during FY2021 are summarised below:

a. reviewed the financial statements and engaged Management, the CFO and the External Auditors in discussions on the significant accounting policies, judgements and estimates applied by Management in preparing these financial statements; and recommended to the Board for approval of the financial statements on satisfaction with its review;

b. reviewed all announcements relating to the Group's financial performance; and recommended to the Board for approval of these announcements on satisfaction with its review;

c. reviewed the audit plan and audit report of the Internal Auditors and External Auditors and assessed the adequacy of the Internal Control and Risk Management Systems as well as the level of the co-operation given by Management to the Internal Auditors and External Auditors;

d. recommended to the Board for re-appointment of Ernst & Young LLP as the External Auditors for the ensuing year;

e. undertook a review of the independence and objectivity of the External Auditors through discussions with the External Auditors as well as reviewing the non-audit fees awarded to them. The ARC received a yearly report setting out the non-audit services provided by the External Auditors and the fees charged in connection therewith. An analysis of fees paid in respect of audit and non-audit services provided is disclosed in Note 7 to the financial statements;

f. reviewed the nature and extent of non-audit services provided by the External Auditors;

g. reviewed the reports and findings from the Internal Auditors in respect of the adequacy of the Internal Control and Risk Management Systems;

h. reviewed the Group's IPTs to ensure that the transactions were carried out on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders. The ARC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of IPTs are effective;

i. reviewed the performance of material environmental, social and corporate governance (ESG) factors/targets and the scope of the Company's sustainability report for FY2021; and

j. reviewed and received updates on risk and compliance matters relating to whistle blowing, anti-bribery and corruption, personal data protection policy and enterprise risk management framework.

CORPORATE GOVERNANCE REPORT

Following its review of the nature and extent of non-audit services provided by the External Auditors, the ARC was satisfied that the nature and extent of such services would not affect the independence of the External Auditors.

Certain of the Company's subsidiaries and significant associated companies have a different set of auditors from that of the Company for varying reasons, for instance, efficiency and cost effectiveness in retaining the existing auditors after the acquisition of or, as the case may be, investment in such subsidiary or significant associated company. In any case, Management would have first assessed the suitability and competency of the existing auditors of such subsidiaries and significant associated companies. The ARC, having reviewed Management's assessment, is therefore satisfied that these appointments would not compromise the standard and effectiveness of the Company's audit. Accordingly, the Group is in compliance with Rules 712 and Rule 715 (read with Rule 716) of the SGX-ST Listing Manual.

<u>IPTs</u>

In this section:

"**CTPL**" means CES Treasury Pte. Ltd., a wholly-owned subsidiary of the Company;

"**Debt Issuance Programme**" means the S$750,000,000 Multicurrency Debt Issuance Programme of the Company and CTPL;

"**Exchange Offer**" means the invitation by the Company and CTPL on 16 November 2021 to holders of the outstanding Series 003 Notes and holders of the outstanding Series 004 Notes to offer to exchange any and all such notes for new Series 005 Notes;

"**GCT**" means Mrs. Celine Tang and her spouse, Mr. Tang Yigang @ Gordon Tang, collectively;

"**Series 002 Notes**" means the 4.75 per cent. notes due June 2021 comprised in Series 002 issued by the Company pursuant to the Debt Issuance Programme;

"**Series 003 Notes**" means the 4.90 per cent. notes due May 2022 comprised in Series 003 issued by the Company pursuant to the Debt Issuance Programme;

"**Series 004 Notes**" means the 6.00 per cent. notes due March 2022 comprised in Series 004 issued by CTPL pursuant to the Debt Issuance Programme, and guaranteed by the Company; and

"**Series 005 Notes**" means the 6.50 per cent. notes due December 2024 comprised in Series 005 issued by CTPL on 6 December 2021 pursuant to the Debt Issuance Programme, and guaranteed by the Company.

The Company has procedures governing all IPTs to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The following are IPTs entered into in FY2021:

Name of Interested Person	Nature of Relationship	Aggregate value of all IPTs conducted during the financial year (excluding transactions below $100,000) ($'000)
GCT	Controlling Shareholders. Mrs. Celine Tang is also the Non-Executive and Non-Independent Director and Non-Executive Chairman of the Company	475,277[1][2]
Mr. Raymond Chia	Executive Director and Group CEO	1,611[3]
Mr. Yam Ah Mee	Non-Executive and Non-Independent Director	805[4]
Prof. Low Teck Seng	Independent Director	195[5]

CORPORATE GOVERNANCE REPORT

Notes:

(1) The amount comprises:

- (i) the interest amount paid, from the period from 1 January 2021 up to 5 December 2021, in respect of the Series 004 Notes collectively held by GCT;
- (ii) as part of the exchange offer consideration, the aggregate cash amount paid to GCT for exchanging all of the Series 004 Notes collectively held by them for new Series 005 Notes pursuant to the Exchange Offer;
- (iii) the aggregate interest amount payable to GCT in respect of the Series 005 Notes collectively held by them;
- (iv) the aggregate value of the interested person transactions in connection with the joint venture entered into by GCT's associate with the Group relating to the acquisition and redevelopment of Maxwell House; and
- (v) the aggregate value of the interested person transactions in connection with the joint venture entered into by GCT's associate with the Group relating to the acquisition and redevelopment of Peace Centre / Peace Mansion.

(2) Approximately 98.5% of this amount is attributable to transactions which fall within the scope of Rule 916(2) and Rule 916(3) of the SGX-ST Listing Manual.

(3) The amount comprises:

- (i) the interest amount paid in respect of the Series 002 Notes jointly held by Mr. Raymond Chia and his spouse, Mdm. Lim Sock Joo, from the period from 1 January 2021 up to 14 June 2021, being the maturity date of the Series 002 Notes;
- (ii) the aggregate interest amount paid, from the period from 1 January 2021 up to 5 December 2021, in respect of the Series 003 Notes and Series 004 Notes collectively held by Mr. Raymond Chia, his spouse, Mdm. Lim Sock Joo and their daughter, Ms. Chia Lynn;
- (iii) as part of the exchange offer consideration, the aggregate cash amount paid to Mr. Raymond Chia, Mdm. Lim Sock Joo and Ms. Chia Lynn for exchanging all of the Series 003 Notes and Series 004 Notes collectively held by them for Series 005 Notes pursuant to the Exchange Offer; and
- (iv) the aggregate interest amount payable to Mr. Raymond Chia, Mdm. Lim Sock Joo and Ms. Chia Lynn in respect of the Series 005 Notes collectively held by them.

(4) The amount comprises:

- (i) consultancy fees paid to Mr. Yam Ah Mee pursuant to a contract for services, for providing certain management and supervisory services to CES_SDC Pte. Ltd., a wholly-owned subsidiary of the Company; and
- (ii) the aggregate interest amount payable to Mr. Yam Ah Mee in respect of the Series 005 Notes jointly held by him and his spouse, Mdm. Goh Wee Lee.

(5) The amount comprises the aggregate interest amount payable to Prof. Low Teck Seng in respect of the Series 005 Notes held by him.

There were also IPTs between the Group and the following Directors in FY2021, which value was less than S$100,000 in each case:

- (i) Mr. Tan Tee How (the Company's Executive Director), in respect of interest payments received for the Series 004 Notes held by him;
- (ii) Mr. Ang Mong Seng (the Company's former Lead Independent Director who retired at the AGM held on 23 April 2021), in respect of interest payments received for the Series 004 Notes held by him;
- (iii) Mr. Abdul Jabbar (the Company's Lead Independent Director), in respect of the aggregate interest amount payable to him for the Series 005 Notes jointly held by him and his spouse, Mdm. Mazlita Binti Mohamad Ali; and
- (iv) Mr. Lock Wai Han (the Company's Independent Director), in respect of the aggregate interest amount payable to him for the Series 005 Notes held by him.

The Company does not have a general shareholders' mandate for IPTs pursuant to Rule 920 of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

Whistle blowing (Rule 1207(18A) and (18B) of the SGX-ST Listing Manual)

The Company has put in place a whistle blowing policy which sets out the procedures for a whistle blower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers.

The ARC has also reviewed the adequacy of the whistle blowing arrangements instituted by the Group through which staff and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach towards fraud and other misconduct.

To ensure that the identity of any whistle blower is kept confidential, the Company will treat all information received with utmost confidentiality. Anonymous disclosures will be accepted and anonymity honoured.

Furthermore, the Company is committed to protect the interests of any whistle blower against detrimental or unfair treatment. A key aim of the Company's whistle blowing policy as stated therein is to reassure employees that if they raise any concerns in good faith and reasonably believe them to be true, they will be protected from possible reprisals or victimization, to the extent where the situation allows.

Reports of suspected fraud, corruption, dishonest practices or other forms of misconduct can be lodged by contacting any one of the members of a reporting committee comprising the Executive Directors, the Group CEO, the chairman of the ARC and the Lead Independent Director.

The Group CEO will decide whether there is a prima facie case to answer. However, if the matter is made against the Group CEO or any senior management staff, the matter will be escalated to the Lead Independent Director or the chairman of the ARC who then decides if there is a prima facie case to answer.

All cases will be investigated with objectivity and appropriate remedial measures will be taken where warranted. To ensure independence in the investigation of whistle blowing reports, depending on the nature of the matter raised, the investigation may be (i) investigated internally, (ii) referred to the external auditors or (iii) the subject of independent enquiry. For instance, an independent function, such as the Internal Auditors and/or external auditors, may conduct the investigation in case of a financial irregularity. In addition, when deciding if there is a case to answer and what procedures to follow, the reporting committee may set up a special internal independent investigation or refer the matter to an external authority, such as the police, for further investigation.

The ARC is responsible for the oversight and monitoring of whistle blowing. All whistle blowing matters are reviewed monthly by the chairman of the ARC and quarterly by the members of the ARC. Matters requiring immediate or urgent attention are reported immediately to the chairman of the ARC.

The whistle blowing policy is communicated via the Staff Handbook and is also available on the Company's corporate website. On an ongoing basis, the whistle blowing policy is covered during staff training and periodic communication to all staff as part of the Group's efforts to promote awareness of fraud control.

Provision 10.4 - Internal Audit
Rule 1207(10C) of the SGX-ST Listing Manual

The internal audit function is outsourced to KPMG which is staffed by qualified personnel. The ARC approves the hiring, removal, evaluation and compensation of the auditing firm to which the internal audit function is outsourced.

The Internal Auditors are guided by the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors report to the chairman of the ARC and have unrestricted access to the ARC. The Internal Auditors also have unfettered access to all the Group's documents, records, properties and personnel.

The ARC will review the findings of the Internal Auditors and will ensure that the Group follows up on the recommendations of the Internal Auditors. The ARC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively.

For FY2021, the ARC is satisfied that the internal audit function is independent, effective and adequately resourced.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Board ensures that all the Company's shareholders are treated equitably for them to exercise their 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.

<u>Provisions 11.1 to 11.5 – Participation and voting at general meetings of shareholders</u>

General meetings are the principal forum for dialogue with shareholders. The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings of shareholders and informs shareholders of the rules, including voting procedures, governing such meetings. The Board believes that general meetings serve as an opportune forum for the Board and key management personnel to engage shareholders to solicit and understand their views. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via the website of the SGX-ST at www.sgx.com ("**SGXNET**") and on the Company's corporate website.

Every matter requiring shareholders' approval is proposed as a separate resolution. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked as to form one significant proposal. Where the Company considers it warranted to "bundle" the resolutions, the Company will explain the reasons and material implications.

All resolutions tabled by the Company at a general meeting are usually put to the vote by poll. Where physical meetings are held, electronic poll voting is typically conducted "live" during such meeting. Even when meetings are conducted by electronic means (such as the AGMs for the financial years ended 31 December 2019 and 31 December 2020 and the forthcoming AGM to be held on 22 April 2022), the resolutions tabled by the Company at such meetings are still voted on by poll notwithstanding that shareholders do not vote "live" during the meeting itself. The chairman of the meeting, acting as proxy, will cast the votes in accordance with the instructions specified by shareholders in their respective proxy forms. Such arrangement is in accordance with the requirements under the Alternative Arrangements Order (as defined below). Voting by poll allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. The independent scrutineer briefs the shareholders on the e-polling voting process and verify and tabulate votes after each resolution. The results of the voting at the general meetings showing the number of votes cast for and against each resolution and the respective percentages are shown to the shareholders at the end of each resolution before the chairman of the meeting makes a declaration on the passing (or not) of the resolution. In addition, the voting results at the general meetings and the name of the independent scrutineer will be announced via SGXNET immediately after each general meeting.

The Company's Constitution permits shareholders to participate at a general meeting by telephone or video conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and members (or their proxy or in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the meeting. However, in practice, as the authentication of shareholder identity and other related security and integrity issues remain a concern, the Company has yet to implement such absentia voting at its general meetings.

Nonetheless, shareholders may vote in person by way of proxy forms deposited, in person or by mail, at the registered office of the Company at least 72 hours before the meetings. Registered corporate shareholders or nominee companies, who are unable to attend a meeting are provided with the option to appoint not more than two proxies to attend and vote at such meeting. This allows shareholders who hold shares through such corporation to attend and participate in general meetings as proxies.

The chairman of the Board and the respective chairman of the ARC, the NC and the RC are usually present and available at general meetings to address shareholders' queries. Appropriate key management personnel are also present at such meetings to address operational questions from shareholders. In addition, in the case of AGMs, the External Auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Joint Company Secretaries prepare minutes of general meetings, which record substantial and relevant comments and queries from shareholders relating to the agenda of such meetings, and responses from the Board and Management. The minutes of general meetings will be published by the Company on its corporate website as soon as practicable after the general meetings.

CORPORATE GOVERNANCE REPORT

Alternative arrangements for the conduct of general meetings

To minimise the spread of COVID-19 transmissions, 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) ("**Alternative Arrangements Order**") came into force in 2020. The Alternative Arrangements Order provides for alternative arrangements for, amongst others, listed companies in Singapore to hold their general meetings other than physical means. Pursuant to the Alternative Arrangements Order, the Company had held its last two AGMs via electronic means.

Notwithstanding that shareholders of the Company were not allowed to attend the last two AGMs in person, the Company had put in place arrangements for shareholders to participate in the meeting by submitting questions ahead of the meeting, voting by proxy and/or observing and/or listening to the proceedings via "live" audio-visual webcast or by "live" audio-only stream. The submission of questions and proxy forms was done electronically via a website set up for the purposes of the meeting, to an electronic mail address, or by depositing the same at the registered office of the Company. The Company had informed the shareholders of such alternative arrangements and the details relating thereto ahead of the meeting in an announcement released by the Company on SGXNET and its corporate website. The Company also addressed the substantial and relevant questions received from shareholders 72 hours before the meeting in an announcement released on SGXNET and its corporate website ahead of the meeting.

With respect to the last AGM, the Company had tabled separate resolutions at the meeting on each substantially separate issue. The chairman of the meeting was appointed as proxy to vote in accordance with the instructions of the shareholders indicated in the proxy form submitted by such shareholders. Independent scrutineers were appointed to check the validity of the proxy forms received and prepared a report on the results of the votes.

All Directors attended the last AGM, together with the External Auditors and other key management personnel via the "live" audio-visual webcast. The Directors' attendance at the general meetings of the Company held in 2021 is disclosed under provision 1.5 above.

In accordance with the requirements pursuant to the Alternative Arrangements Order, the Company had published its minutes of the last AGM on SGXNET and its corporate website within one month after the meeting.

Previously, the Alternative Arrangements Order allowed entities to hold general meetings via electronic means up to 30 June 2021. On 6 April 2021, the Ministry of Law announced the extension of temporary legislative relief, which allows entities to conduct general meetings via electronic means, beyond 30 June 2021. Such legislation allows entities to hold general meetings via electronic means amid the COVID-19 situation, and will continue to be in force until revoked or amended by the Ministry of Law.

Pursuant to the Alternative Arrangements Order, the Company will be conducting its forthcoming AGM to be held on 22 April 2022 via electronic means. The Company has taken steps to ensure that the requirements in the Alternative Arrangements Order and the latest requirements issued by the SGX-ST in its regulator's column of 16 December 2021 and its joint statement of 4 February 2022 are complied with. In particular, shareholders will have at least 7 calendar days after the publication of the notice of AGM to submit their questions to the Company and the Company will respond to substantial and relevant questions at least 48 hours prior to the deadline for shareholders to submit their proxy forms. This is to ensure that shareholders will have the benefit of the Company's responses to their substantial and relevant questions before they cast their votes through the lodgement of proxy forms.

Provision 11.6 - Dividend policy

The practice adopted by the Company thus far is to declare and pay an annual dividend, should circumstances permit. In the event that the Board decides not to declare or recommend a dividend, the Company will disclose the reason(s) for the decision together with the announcement of the financial statements.

For FY2021, the Board has proposed a final dividend of 2.0 Singapore cents per ordinary share, which is subject to approval of the shareholders at the forthcoming AGM.

In considering the level of dividend payments, the Board takes into account various factors including:

- the profitability of the Company;
- the level of the Company's available cash;
- the return on equity and retained earnings; and
- the Group's projected levels of capital expenditure and other investment plans.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

Provisions 12.1 to 12.3 – Interaction/engagement with shareholders

The Company is committed to providing its investors with a high level of transparency by engaging in regular, effective and fair communication with shareholders. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST Listing Manual, the Board's policy is to provide timely information to all shareholders of all major developments that impact the Group via SGXNET.

The Company values dialogue sessions with its shareholders and is committed to hearing shareholders' views and addressing their concerns. During general meetings of the Company, the Board devotes time and attention to address questions from and concerns raised by shareholders and the Directors are generally present for the entire duration of the meetings. The chairman of the meeting will also endeavour to facilitate constructive dialogue between shareholders and the Board. In addition, members of the Board and key management personnel make themselves available to interact with shareholders both before and after general meetings (where such meetings are held physically). When necessary and appropriate, Management will also meet up with analysts and fund managers who wish to seek a better understanding of the Group's operations.

Other than communicating with members of the Board and key management personnel at general meetings, shareholders may also contact the CFO or the Company on any investor relations matters by emailing to ir@chipengseng.com.sg. Shareholders should however be cognisant that the Company has to consider the interests of all shareholders and its other stakeholders as a whole and the Company cannot respond to questions involving price sensitive or trade sensitive information on a selective basis. In so far as there is any information known to the Company concerning it or any of its subsidiaries or associated company which is necessary to avoid the establishment of a false market in the Company's securities or would be likely to materially affect the price or value of the Company's securities, the Company will make a timely announcement on SGXNET.

Please also refer to provision 13.3 below for information relating to the Company's corporate website, which contains investor-related information.

MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

Provisions 13.1 and 13.2 – Identification and engagement with material stakeholder groups, including managing relationships with such groups

The Group believes that forging good relationships with its stakeholders is crucial for the sustainable growth of its business and its material stakeholders include suppliers, customers, employees, authorities and local communities.

To understand stakeholders' expectations, the Group engages and fosters trusted relationships through listening to their views and responding to their concerns. The frequency of ongoing engagement with various stakeholders depends on mutual needs and expectations.

The strategy and key areas of focus in relation to the management of stakeholder relationships are set out in the Company's annual sustainability report.

Provision 13.3 - Corporate website

The Group maintains a current and updated corporate website.

All materials on the Company's financial results, announcements, as well as the latest annual report of the Company, are available on the Company's website at www.chipengseng.com.sg. The website also contains various other investor-related information about the Company which serves as an important resource for its shareholders and all other stakeholders.

MATERIAL CONTRACTS

Except as disclosed in Note 27 (Related Party Transactions) of the notes to the financial statements, there were no other material contracts of the Company and its subsidiaries involving the interests of each Director or controlling shareholder, either still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

DEALING IN COMPANY'S SECURITIES

The Group has adopted a code of conduct for dealing in securities to provide guidance to the Directors of the Company as well as other officers and employees of the Group with regard to dealings in securities issued by the Company or any of the Company's subsidiaries (the "**Securities**").

The code cautions against (a) insider trading such as dealing in Securities while in possession of material unpublished price-sensitive information; (b) other prohibited actions under the Securities and Futures Act 2001 of Singapore such as false trading and market rigging transactions; and (c) other prohibited dealing in Securities such as on short-term considerations or on speculative considerations.

Directors of the Company, the Group CEO and all employees of the Group who are of Assistant Manager level and above are additionally subject to the following:

(a) prohibitions on dealing in Securities during a blackout period (being the one-month period before the release of the announcement of the Company's half-year and full-year financial results). An email will be sent to these personnel notifying them of the commencement and end date for each of such blackout period; and

(b) outside of a blackout period, any dealings in Securities are subject to the following pre-dealing and post-dealing procedures:

    (i) pre-dealing: seek clearance in writing from the Group CEO or CFO before dealing in the Company's securities; and

    (ii) post-dealing: notify the Company within two business days after dealing in the Company's securities.

The code is disseminated to the Group's directors, officers and employees.

In view of the processes that are in place, in the opinion of the Directors, the Company has complied with the best practices on dealings in the Company's securities pursuant to Rule 1207(19) of the SGX-ST Listing Manual (Dealings in Securities).

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

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

1. Opinion of the directors

In the opinion of the directors,

(i) 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 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) 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.

2. Directors

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

Celine Tang	(Non-Executive and Non-Independent Chairman)
Chia Lee Meng Raymond	(Executive Director and Group Chief Executive Officer)
Tan Tee How	(Executive Director)
Yam Ah Mee	(Non-Executive and Non-Independent Director)
Abdul Jabbar Bin Karam Din	(Independent Director)
Lock Wai Han	(Independent Director)
Low Teck Seng	(Independent Director)
Neo Boon Siong	(Independent Director)
Yaacob Bin Ibrahim	(Independent Director)

3. Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, 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.

4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares, share options and debentures of the Company as stated below:

DIRECTORS' STATEMENT

4. Directors' interests in shares and debentures (cont'd)

	Direct interest			Deemed interest		
Name of Director	**At 01.01.2021**	**At 31.12.2021**	**At 21.01.2022**	**At 01.01.2021**	**At 31.12.2021**	**At 21.01.2022**
The Company *(No. of ordinary shares)*						
Celine Tang	284,454,903 [1]	290,684,903 [1]	290,684,903 [1]	–	1,400,000	7,600,000
Chia Lee Meng Raymond	14,406,250	15,406,250	15,406,250	12,127,500	12,127,500	12,127,500
Tan Tee How	–	300,000	300,000	–	–	–
Yam Ah Mee	20,000 [1]	70,000 [1]	70,000 [1]	–	20,000	20,000
Yaacob Bin Ibrahim	–	–	100,000	–	–	–
Options to acquire ordinary shares of the Company at 1 share for each option under the Chip Eng Seng Employee Share Option Scheme						
Chia Lee Meng Raymond	45,000,000	35,000,000	35,000,000	–	–	–
Tan Tee How	5,000,000	5,000,000	5,000,000	–	–	–
4.75% fixed rate notes due 14 June 2021 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Chia Lee Meng Raymond [1]	$2,000,000	–	–	–	–	–
4.90% fixed rate notes due 19 May 2022 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Chia Lee Meng Raymond [1]	$3,000,000	–	–	–	–	–
Subsidiary – CES Treasury Pte. Ltd.						
6.00% fixed rate notes due 15 March 2022 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Celine Tang	$26,500,000 [1]	–	–	$1,250,000	–	–
Chia Lee Meng Raymond	–	–	–	$1,000,000	–	–
Tan Tee How	$1,000,000	$1,000,000	$1,000,000	–	–	–

[1] held jointly with spouse

4. Directors' interests in shares and debentures (cont'd)

	Direct interest			Deemed interest		
Name of Director	At 01.01.2021	At 31.12.2021	At 21.01.2022	At 01.01.2021	At 31.12.2021	At 21.01.2022
Subsidiary – CES Treasury Pte. Ltd.						
6.50% fixed rate notes due 6 December 2024 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Celine Tang	–	$26,500,000 [1]	$26,500,000 [1]	–	$1,250,000	$1,250,000
Chia Lee Meng Raymond	–	$3,000,000 [1]	$3,000,000 [1]	–	$3,000,000	$3,000,000
Yam Ah Mee [1]	–	$500,000	$500,000	–	–	–
Abdul Jabbar Bin Karam Din [1]	–	$250,000	$250,000	–	–	–
Lock Wai Han	–	$250,000	$250,000	–	–	–
Low Teck Seng	–	$1,000,000	$1,000,000	–	–	–

[1] held jointly with spouse

By virtue of Section 7 of the Companies Act 1967 of Singapore, Mrs Celine Tang is deemed to have an interest in the ordinary shares of all the subsidiaries of the Company, at the beginning and at the end of the financial year.

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

5. Share Plans

The Company has the Chip Eng Seng Employee Share Option Scheme 2013 (the "ESOS") and Chip Eng Seng Performance Share Plan (the "CES Share Plan") which are administered by the Remuneration Committee comprising three directors namely Abdul Jabbar Bin Karam Din (Chairman), Yaacob Bin Ibrahim (Member) and Low Teck Seng (Member) (collectively, the "Scheme Committee"). Details of the ESOS and CES Share Plan are as follows:

(a) ESOS

The ESOS was approved at an Extraordinary General Meeting held on 25 April 2013. The following persons are eligible to participate in the ESOS at the discretion of the Remuneration Committee:

(i) Confirmed employees who have attained the age of 21 years and hold such rank as may be designated by the Scheme Committee from time to time and who, in the opinion of the Scheme Committee, have contributed or will contribute to the success of the Group and/or associated companies;

(ii) Executive directors;

(iii) Non-executive directors; and

(iv) Persons who are Controlling Shareholders or their Associates are permitted to participate in the ESOS (subject to them meeting the eligibility criteria set out above).

DIRECTORS' STATEMENT

5. Share Plans (cont'd)

(a) ESOS (cont'd)

No options were granted during the current and preceding financial years.

Details of options granted in previous financial years were set out in the Directors' Statement for the respective years.

The details of options granted to the Executive Directors of the Company under the ESOS are as follows:

Name of participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options lapsed since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Chia Lee Meng Raymond	–	50,000,000	5,000,000	10,000,000	35,000,000
Tan Tee How	–	5,000,000	–	–	5,000,000

The persons to whom the options have been granted do not have the right to participate by virtue of the options in any share issue of any other company in the Group.

Save as disclosed above, no options have been granted to controlling shareholders or their associates, and no employee has received 5% or more of the total options available under the ESOS.

The number of unissued ordinary shares of the Company under option in relation to ESOS at the end of financial year was as follows:

	No. of options	Exercise price	Option period
2016 Options	25,000,000	$0.5542	03.06.2016 – 02.06.2024
2019 Options	15,000,000	$0.7619	09.04.2019 – 08.04.2027

(b) CES Share Plan

Objectives

The CES Share Plan was approved at an Extraordinary General Meeting held on 26 April 2017. The CES Share Plan is to motivate participants to maintain a high level of performance and contribution and to attract and maintain a group of key executives and directors whose contributions are important to the long-term growth and profitability of the Group. In addition, it is to give recognition to the contribution made or to be made by the non-executive directors to the success of the Group.

DIRECTORS' STATEMENT

5. Share Plans (cont'd)

(b) CES Share Plan (cont'd)

Eligibility

The following persons shall be eligible to participate in the CES Share Plan subject to the absolute discretion of the Remuneration Committee:

(i) All full-time employees of the Group, including a director of the Company and/or its subsidiaries who perform an executive function and have attained the age of 21 years;

(ii) Non-executive directors of the Company;

(iii) Any employee who have attained the age of 21 years of an associated company (a company which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries and over whose management the Company has control); and

(iv) Controlling Shareholders of the Company and their Associates within the above categories are eligible to participate in the CES Share Plan. Specific approval of Independent Shareholders is required for the participation of Controlling Shareholders of the Company and their associates as well as the actual number of shares to be awarded under the CES Share Plan.

Awards

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or had a significant contribution to the Group.

Size of the CES Share Plan

The total number of shares available to eligible Controlling Shareholders and their Associates under the CES Share Plan shall not exceed twenty-five per cent. (25%) of the shares in respect of which the Company may grant under the CES Share Plan. In addition, the total number of shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the number of shares in respect of which the Company may grant under the CES Share Plan.

The total number of shares to be awarded pursuant to the CES Share Plan when added to the number of shares issued and issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of shares of the Company on the day preceding the relevant Award Date.

Grant of the CES Share Plan

The grant of Awards under the CES Share Plan may be made from time to time during the year when the CES Share Plan is in force.

During the year, 1,000,000 (2020: 500,000) and 300,000 (2020: Nil) performance shares were granted to Mr. Chia Lee Meng Raymond and Mr. Tan Tee How respectively under the CES Share Plan, of which all were vested on the date of grant.

No performance shares were granted conditionally under the CES Share Plan in the previous financial year.

The details of Awards granted to the Executive Director of the Company under the CES Share Plan are as follows:

Name of participant	Awards granted during financial year under review (including terms)	Aggregate Awards granted since commencement of scheme to end of financial year under review	Aggregate Awards vested since commencement of scheme to end of financial year under review	Aggregate Awards outstanding as at end of financial year under review
Chia Lee Meng Raymond	1,000,000	1,500,000	1,500,000	–
Tan Tee How	300,000	300,000	300,000	–

DIRECTORS' STATEMENT

6. Audit and Risk Committee

The Audit and Risk Committee (the "ARC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, including the following:

- reviewed the financial statements and engaged Management, the Chief Financial Officer and the external auditor in discussions on the significant accounting policies, judgements and estimates applied by Management in preparing these financial statements; and recommended to the Board for approval of the financial statements on satisfaction with its review;
- reviewed all announcements relating to the Group's financial performance; and recommended to the Board for approval of these announcements on satisfaction with its review;
- reviewed the audit plan and audit report of the internal auditor and external auditor and assessed the adequacy of the Internal Control and Risk Management Systems as well as the level of the co-operation given by Management to the internal auditor and external auditor;
- recommended to the Board for re-appointment of Ernst & Young LLP as the external auditor for the ensuing year;
- undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them;
- reviewed the nature and extent of non-audit services provided by the external auditor;
- reviewed the reports and findings from the internal auditor in respect of the adequacy of the Internal Control and Risk Management Systems;
- reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders;
- reviewed the performance of material environmental, social and corporate governance factors/targets and the scope of the Company's sustainability report for the current financial year; and
- reviewed and received updates on risk and compliance matters relating to whistle blowing, anti-bribery and corruption, personal data protection policy and enterprise risk management framework.

The ARC convened ten meetings during the year with full attendance from all members. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

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

7. Auditor

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

On behalf of the board of directors:

Chia Lee Meng Raymond Executive Director and Group Chief Executive Officer	Tan Tee How Executive Director

Singapore
25 March 2022

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

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

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (the "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 (the "ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "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 construction contracts and development properties under construction

The Group is involved in both construction and property development projects. The Group recognises revenue over time for its construction and residential property development projects in Singapore using the input method based on actual costs incurred to-date to the total budgeted costs for each project. If the unavoidable costs of meeting the obligations under a contract exceeds the economic benefits expected to be received under it, a provision for onerous contract is recognised. The uncertainty and subjectivity involved in determining the budgeted cost and progress towards completion may have a significant impact on the amount of revenue recognised and the results of the Group, including the provision for onerous contracts. As such, we determined this to be key audit matter.

As part of our audit procedures, we obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues, total budgeted costs and profit margin on a sample basis. We reviewed the contractual terms and conditions and verified the costs incurred against underlying supporting documents. We assessed the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs. In addition, we assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects. We checked whether the revenue was recognised according to the input method of each project measured by reference to contract costs incurred for work performed to date to the estimated total budgeted cost. We perused customers' and subcontractors' correspondences and discussed the progress of the projects with the Group's various project management personnel for signs of any potential disputes, variation order claims, known technical issues, delays, penalties, overrun or significant events that could impact the estimated total budgeted costs. We evaluated the adequacy of the disclosures of significant accounting policies for construction contracts, development properties under construction, provision for onerous contracts and contract balances and their related disclosures in Notes 4, 17 and 22 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

KEY AUDIT MATTERS (cont'd)

Valuation of investment properties and investment property under construction

The Group owns a portfolio of investment properties and investment property under construction, comprising commercial properties located in Singapore and Australia. As at 31 December 2021, the carrying amounts of investment properties and investment property under construction were $193,434,000. The Group records its investment properties and investment property under construction at their fair values based on independent external valuations using the following approaches:

- Market comparable approach where significant management judgements are applied on analysing information from transacted price of comparable properties adjusted to account for differences such as location, size, tenure, age and condition of the investment properties

- Capitalisation approach which involved estimation uncertainties on the capitalisation rate used

- Discounted cash flow approach which involved estimation uncertainties on the discount rate and terminal yield rate use

- Residual value approach which involved significant judgement and estimation uncertainties in the application of assumptions in determining the gross development value and estimated cost to completion

The valuation is significant to our audit due to the magnitude and complexity of the valuation and is highly sensitive to changes in the key assumptions applied, particularly those relating to transacted price of comparable properties, capitalisation rate, discount rate, terminal yield rate, gross development value, and estimated cost to completion. Accordingly, we determined this as a key audit matter.

As part of our audit procedures, we considered the objectivity, independence and expertise of the external valuation specialists. With the assistance of our internal property valuation specialist, we held discussions with the management and the external specialists to understand and obtained explanations to support the selection of the valuation methodologies and the basis for the key assumptions and inputs used, including key valuation adjustments made in response to the market and economic conditions and the overall results of the valuations. We assessed the reasonableness of these key assumptions and inputs by comparing them to actual financial performance and/or available market data while taking into consideration the specific nature and highest and best use of these properties. In addition, we assessed the reliability of the property related data used by the management and the external specialists in the estimation process, and the movements in fair value of the investment properties and investment property under construction. We also evaluated the adequacy of the related disclosures in Notes 11 and 30 to the financial statements relating to the investment properties and investment property under construction and the assumptions used, given the estimation uncertainty and sensitivity of the valuations.

Impairment consideration of hotel assets

The Group owns several hotel assets in Australia, Maldives and Singapore which are classified as property, plant and equipment in the financial statements. The Group's policy is to carry these hotel assets at cost less accumulated depreciation and any accumulated impairment losses. Management reviews the carrying value of hotel assets and assesses if there is any indication of impairment in its hotel assets by considering individual hotel asset's operating performance and development plan for the properties. Hotel assets with indicator of impairment were tested for impairment. Management then estimates the recoverable amount of the hotel assets with the support of independent external valuations. Such estimates focus predominantly on future hotel operating performance, which is, amongst others, dependent on the expected occupancy rates, revenue growth rates and the competitive landscape in local markets.

As at 31 December 2021, the net carrying amount of hotel assets were $340,682,000 and net write back of impairment loss amounting to $3,180,000 on the hotel assets was recorded in this financial year. The impairment assessment was significant to our audit due to the carrying amount of the hotel assets which represents 38% of total non-current assets as at 31 December 2021, and also the significant judgement involved in making various assumptions to the underlying valuation used in the impairment assessment due to implications from the ongoing COVID-19 pandemic. Accordingly, we determined this as a key audit matter.

As part of our audit procedures, we obtained an understanding of management's impairment assessment process to identify indicators for potential impairment and any material changes in the carrying amount of hotel assets. We validated the key cash flow assumptions used in the valuations by management and external valuation specialist, and corroborated these key assumptions by comparing them to internal forecasts and long term and strategic plans that were approved by management as well as historical trend analyses. We also involved our internal valuation specialist to evaluate the reasonableness of the key assumptions utilised in the forecasts, particularly capitalisation rate, discount rate and terminal yield rate. We evaluated the adequacy of the related disclosures in Note 10 to the financial statements relating to the hotel assets within property, plant and equipment.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

KEY AUDIT MATTERS (cont'd)

Impairment assessment of goodwill and other intangible assets

As at 31 December 2021, the Group has goodwill and other intangible assets arising from business combinations amounting to $45,229,000. On an annual basis, management performs impairment assessment of goodwill and other intangible assets based on estimates of value-in-use arising from the cash generating unit's (the "CGU")'s expected future cash flows. Management incorporates various assumptions and inputs into the CGU's cash flow projections, which are, amongst others, growth rate, weighted average cost of capital and terminal yield rate. We considered audit of these cash flow projections to be a key audit matter as these involved significant management judgements in estimating the underlying assumptions and inputs to the cash flow projections.

As part of our audit procedures, we assessed and tested the key assumptions and inputs such as annual growth rate, weighted average cost of capital rate and terminal growth rate used in the cash flow projections, and the methodologies and data used by management by comparing them to historical performance of the CGU or other comparable companies. We assessed whether these cash flows projections were based on the budget approved by the management of respective entities. We performed sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and assess the impact on the headroom over the carrying value. We also assessed the adequacy of the disclosure concerning those key assumptions in Note 12 to the financial statements.

Impairment assessment of investments in associates and joint ventures

As at 31 December 2021, the Group has investments in associates and joint ventures amounting to $6,484,000 and $38,534,000 respectively and impairment loss amounting to $14,359,000 on investment in joint ventures was recorded in this financial year. Certain associates and joint ventures were acquired and their carrying value includes goodwill. With the impairment loss recorded in 2021, the goodwill arose upon acquisition has been fully impaired. On an annual basis, management assesses the impairment of the investment in associates and joint ventures based on estimates of their fair values using discounted cashflow model. Management incorporates various assumptions and inputs into the discounted cash flow, which are, amongst others, growth rate, weighted average cost of capital and terminal yield rate.

We considered this as a key audit matter because the interests in associates and joint ventures and the share of their results are material to the Group's balance sheet and profit and loss respectively, and significant management judgements and estimation are required in determining the underlying assumptions and inputs to the discounted cash flows computation.

As part of our audit procedures, we assessed and tested key assumptions and inputs to the discounted cash flow computation, the methodologies and data used by management by comparing them to historical performance of the CGU or other comparable companies. We performed sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and assess the impact on the headroom over the carrying values. We also assessed the adequacy of the disclosures in Note 14 to the financial statements.

OTHER INFORMATION

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

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 the 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 the SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Low Bek Teng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
25 March 2022

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2021

	Note	2021	2020
		$'000	$'000
Revenue	4	1,115,399	674,633
Cost of sales		(976,178)	(609,393)
Gross profit		139,221	65,240
Other (losses)/gains net and other income	5	(5,338)	1,789
Other items of expense			
Marketing and distribution		(5,739)	(9,666)
Administrative expenses		(102,383)	(93,914)
Finance costs	6	(30,655)	(39,370)
Share of results of associates and joint ventures		(7,716)	(1,480)
Loss before tax	7	(12,610)	(77,401)
Income tax expense	8	(9,020)	(1,089)
Loss for the year		(21,630)	(78,490)
Attributable to:			
Owners of the Company		(31,486)	(81,067)
Non-controlling interests		9,856	2,577
		(21,630)	(78,490)
Loss per share attributable to owners of the Company (cents per share)			
Basic and diluted	9	(4.02)	(10.35)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	2021	2020
	$'000	$'000
Loss for the year	(21,630)	(78,490)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Share of gain on property revaluation of an associate	218	178
	218	178
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	(2,427)	9,089
Share of foreign currency translation of associates and joint ventures	(250)	384
	(2,677)	9,473
Other comprehensive income for the year, net of tax	(2,459)	9,651
Total comprehensive income for the year	(24,089)	(68,839)
Attributable to:		
Owners of the Company	(33,582)	(71,848)
Non-controlling interests	9,493	3,009
Total comprehensive income for the year	(24,089)	(68,839)

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

BALANCE SHEETS
As at 31 December 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	10	551,603	535,695	1,438	2,166
Investment properties	11	193,434	296,759	–	–
Intangible assets	12	46,038	49,880	301	363
Investments in subsidiaries	13	–	–	124,617	124,192
Investments in joint ventures and associates	14	45,018	39,273	650	650
Deferred tax assets	23	6,803	5,672	–	–
Trade and other receivables	16	56,994	32,972	336,301	289,710
		899,890	960,251	463,307	417,081
Current assets					
Development properties	17	648,284	1,094,181	–	–
Inventories	18	5,323	2,851	–	–
Prepayments		7,670	5,515	12	77
Trade and other receivables	16	641,403	419,241	55,401	86,412
Contract assets	4	73,494	329,211	–	–
Deferred contract costs	4	20,209	15,121	–	–
Cash and cash equivalents	19	505,888	374,040	76,556	4,439
		1,902,271	2,240,160	131,969	90,928
Assets held for sale	11	27,042	–	–	–
		1,929,313	2,240,160	131,969	90,928
Total assets		2,829,203	3,200,411	595,276	508,009
Current liabilities					
Loans and borrowings	20	500,250	197,608	15,000	13,000
Trade and other payables	21	248,008	91,890	86,603	28,045
Contract liabilities	4	47,024	59,385	–	–
Provision	22	8,557	8,098	–	–
Other liabilities	22	124,758	120,491	2,788	2,008
Income tax payable		11,550	12,995	177	586
		940,147	490,467	104,568	43,639
Net current assets		989,166	1,749,693	27,401	47,289

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

BALANCE SHEETS
As at 31 December 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Non-current liabilities					
Loans and borrowings	20	956,984	1,600,122	–	25,250
Trade and other payables	21	33,208	159,271	252,963	253,243
Other liabilities	22	96,826	107,050	70	293
Deferred tax liabilities	23	22,015	26,216	31	16
		1,109,033	1,892,659	253,064	278,802
Total liabilities		2,049,180	2,383,126	357,632	322,441
Net assets		780,023	817,285	237,644	185,568
Equity attributable to owners of the Company					
Share capital	24(a)	175,978	175,978	175,978	175,978
Treasury shares	24(b)	(28,779)	(29,719)	(28,779)	(29,719)
Retained earnings		623,394	669,361	86,832	34,349
Other reserves	25	(11,584)	(6,247)	3,613	4,960
		759,009	809,373	237,644	185,568
Non-controlling interests		21,014	7,912	–	–
Total equity		780,023	817,285	237,644	185,568

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 31 December 2021

		Attributable to owners of the Company					
2021	**Equity, total**	**Equity attributable to owners of the Company, total**	**Share capital (Note 24(a))**	**Treasury shares (Note 24(b))**	**Retained earnings**	**Other reserves (Note 25)**	**Non-controlling interests**
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2021	817,285	809,373	175,978	(29,719)	669,361	(6,247)	7,912
(Loss)/Profit for the year	(21,630)	(31,486)	–	–	(31,486)	–	9,856
Other comprehensive income							
Foreign currency translation	(2,427)	(2,064)	–	–	–	(2,064)	(363)
Share of other comprehensive income of associates and joint ventures	(32)	(32)	–	–	–	(32)	–
Other comprehensive income for the year, net of tax	(2,459)	(2,096)	–	–	–	(2,096)	(363)
Total comprehensive income for the year	(24,089)	(33,582)	–	–	(31,486)	(2,096)	9,493
Contributions by and distributions to owners							
Share-based compensation expenses (Note 25)	780	780	–	–	–	780	–
Expiry of share option (Note 25)	–	–	–	–	1,187	(1,187)	–
Treasury shares reissued pursuant to performance share plan (Note 24)	–	–	–	940	–	(940)	–
Dividends paid on ordinary shares (Note 34)	(15,668)	(15,668)	–	–	(15,668)	–	–
Total contributions by and distributions to owners	(14,888)	(14,888)	–	940	(14,481)	(1,347)	–
Changes in ownership interests in subsidiaries							
Capital contribution from non-controlling interests	4,415	–	–	–	–	–	4,415
Acquisition of non-controlling interest (Note 13)	(2,700)	(1,894)	–	–	–	(1,894)	(806)
Total changes in ownership interest in subsidiaries	1,715	(1,894)	–	–	–	(1,894)	3,609
Total transactions with owners in their capacity as owners	(13,173)	(16,782)	–	940	(14,481)	(3,241)	3,609
Closing balance at 31 December 2021	780,023	759,009	175,978	(28,779)	623,394	(11,584)	21,014

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 31 December 2021

2020			Attributable to owners of the Company				
Group	**Equity, total** $'000	**Equity attributable to owners of the Company, total** $'000	**Share capital (Note 24(a))** $'000	**Treasury shares (Note 24(b))** $'000	**Retained earnings** $'000	**Other reserves (Note 25)** $'000	**Non-controlling interests** $'000
Opening balance at 1 January 2020	947,271	918,269	175,978	(30,034)	781,745	(9,420)	29,002
(Loss)/Profit for the year	(78,490)	(81,067)	–	–	(81,067)	–	2,577
Other comprehensive income							
Foreign currency translation	9,089	8,657	–	–	–	8,657	432
Share of other comprehensive income of associates and joint ventures	562	562	–	–	–	562	–
Other comprehensive income for the year, net of tax	9,651	9,219	–	–	–	9,219	432
Total comprehensive income for the year	(68,839)	(71,848)	–	–	(81,067)	9,219	3,009
Contributions by and distributions to owners							
Share-based compensation expenses (Note 25)	1,217	1,217	–	–	–	1,217	–
Share buy-back (Note 24)	(47)	(47)	–	(47)	–	–	–
Treasury shares reissued pursuant to performance share plan (Note 24)	–	–	–	362	–	(362)	–
Dividends paid on ordinary shares (Note 34)	(31,317)	(31,317)	–	–	(31,317)	–	–
Dividends paid to non-controlling interest of subsidiary	(28,000)	–	–	–	–	–	(28,000)
Total contributions by and distributions to owners	(58,147)	(30,147)	–	315	(31,317)	855	(28,000)
Changes in ownership interests in subsidiaries							
Capital contribution to non-wholly owned subsidiary	–	(4,864)	–	–	–	(4,864)	4,864
Acquisition of non-controlling interest (Note 13)	(3,000)	(2,037)	–	–	–	(2,037)	(963)
Total changes in ownership interest in subsidiaries	(3,000)	(6,901)	–	–	–	(6,901)	3,901
Total transactions with owners in their capacity as owners	(61,147)	(37,048)	–	315	(31,317)	(6,046)	(24,099)
Closing balance at 31 December 2020	817,285	809,373	175,978	(29,719)	669,361	(6,247)	7,912

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 31 December 2021

2021	Total	Share capital (Note 24(a))	Treasury shares (Note 24(b))	Retained earnings	Other reserves (Note 25)
Company	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2021	185,568	175,978	(29,719)	34,349	4,960
Profit for the year, representing total comprehensive income for the year	66,964	–	–	66,964	–
Contributions by and distributions to owners					
Share-based compensation expenses (Note 25)	780	–	–	–	780
Treasury shares reissued pursuant to performance share plan (Note 24)	–	–	940	–	(940)
Expiry of share option (Note 25)	–	–	–	1,187	(1,187)
Dividends paid (Note 34)	(15,668)	–	–	(15,668)	–
Total contributions by and distributions to owners	(14,888)	–	940	(14,481)	(1,347)
Closing balance at 31 December 2021	237,644	175,978	(28,779)	86,832	3,613

2020	Total	Share capital (Note 24(a))	Treasury shares (Note 24(b))	Retained earnings	Other reserves (Note 25)
Company					
Opening balance at 1 January 2020	196,918	175,978	(30,034)	46,869	4,105
Profit for the year, representing total comprehensive income for the year	18,797	–	–	18,797	–
Contributions by and distributions to owners					
Share-based compensation expenses (Note 25)	1,217	–	–	–	1,217
Share buy-back (Note 24)	(47)	–	(47)	–	–
Treasury shares reissued pursuant to performance share plan (Note 24)	–	–	362	–	(362)
Dividends paid (Note 34)	(31,317)	–	–	(31,317)	–
Total contributions by and distributions to owners	(30,147)	–	315	(31,317)	855
Closing balance at 31 December 2020	185,568	175,978	(29,719)	34,349	4,960

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

	Note	2021	2020
		$'000	$'000
Operating activities			
Loss before tax		(12,610)	(77,401)
Adjustments for:			
Interest income	5	(1,248)	(2,432)
Gain on disposal of property, plant and equipment	5	(266)	(132)
Gain on disposal of investment properties	5	(810)	–
Gain on disposal of joint venture	5	(3,647)	–
Loss on disposal of intangible assets		–	22
Finance costs	6	30,655	39,370
Property, plant and equipment written off	5	3,572	6,969
Provision for onerous contracts	7	4,706	7,163
Provision for restructuring costs	5	1,810	–
Depreciation of property, plant and equipment	7	41,582	37,422
(Writeback of impairment)/Impairment loss on property, plant and equipment	5	(3,808)	5,304
Fair value loss on investment properties	5	6,507	11,043
Fair value loss on investment security	5	–	2,347
Amortisation of intangible assets	7	4,962	2,479
Impairment loss on trade and other receivables, net	5	1,956	2,297
Impairment loss on investments in joint ventures	5	14,359	–
Share-based compensation expenses	26	780	1,217
Share of results of associates and joint ventures		7,716	1,480
Recognition of deferred contract costs	4	21,229	12,242
Rent concessions from landlords	5	(649)	(1,062)
Unrealised exchange differences		1,224	(5,038)
Operating cash flows before changes in working capital		118,020	43,290
Changes in working capital:			
Development properties		443,072	289,665
Deferred contract costs	4	(26,334)	(12,947)
Inventories		(2,470)	(19)
Prepayments		(2,162)	(681)
Trade and other receivables and contract assets		32,551	(152,575)
Trade and other payables and contract liabilities		21,427	14,614
Other liabilities		(358)	22,190
Cash flows generated from operations		583,746	203,537
Interest paid		(32,428)	(43,495)
Interest received		415	1,631
Income taxes paid		(16,421)	(21,367)
Net cash flows generated from operating activities		535,312	140,306

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

	Note	2021	2020
		$'000	$'000
Investing activities			
Net cash outflow on acquisition of subsidiaries	13	–	(57)
Purchase of property, plant and equipment	10	(11,931)	(50,361)
Proceeds from disposal of property, plant and equipment		906	251
Proceeds from disposal of investment properties		32,810	–
Proceeds from disposal of joint venture		11,052	–
Proceeds from liquidation of an associate		365	–
Investments in joint ventures		(9,459)	(6,752)
Return on capital from a joint venture		3,808	–
Advances to joint ventures		(52,739)	–
Additions to intangible assets		(508)	–
Additions to investment properties	11	(2,988)	(911)
Net cash flows used in investing activities		(28,684)	(57,830)
Financing activities			
Repayment of loans and borrowings		(450,100)	(132,648)
Proceeds from loans and borrowings		72,852	133,055
Proceeds from issuance of term notes		48,750	–
Redemption of term notes		(13,000)	–
Contribution from non-controlling interest		450	–
Acquisition of non-controlling interests		(2,700)	(3,000)
Dividends paid on ordinary shares	34	(15,668)	(31,317)
Dividends paid to non-controlling interest		–	(28,000)
Purchase of treasury shares	24(b)	–	(47)
Decrease in short-term deposits pledged	19	154	–
Payment of principal portion of lease liabilities		(15,047)	(25,631)
Net cash flows used in financing activities		(374,309)	(87,588)
Net increase/(decrease) in cash and cash equivalents		132,319	(5,112)
Effect of exchange rate changes on cash and cash equivalents		(317)	665
Cash and cash equivalents at beginning of the year		369,784	374,231
Cash and cash equivalents at end of the year	19	501,786	369,784

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

1. Corporate information

Chip Eng Seng Corporation Ltd. is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed below.

Details of the subsidiaries, associates, joint ventures and joint operations as at 31 December 2021 are:

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest	
			2021	2020
<u>Subsidiaries</u>				
Held by the Company				
CEL Development Pte. Ltd.	Singapore	Property developer and property investor	100	100
Chip Eng Seng Construction Pte. Ltd.	Singapore	Investment holding	100	100
CES Capital Holdings Pte. Ltd.	Singapore	Investment holding	100	100
CES Hospitality Pte. Ltd.	Singapore	Investment holding	100	100
Sing-Ed Global Schoolhouse Pte. Ltd.	Singapore	Investment holding	100	100
CES Treasury Pte. Ltd.	Singapore	Provision of financial and treasury services to members of the Chip Eng Seng group of companies	100	100
Eura Construction Supply Pte. Ltd.	Singapore	Wholesale of construction materials, hardware, plumbing and heating equipment and supplies	55	100
Held by subsidiaries				
CES_Salcon Pte. Ltd. (f.k.a. Boustead Salcon Water Solutions Pte. Ltd.)	Singapore	Construction and supply of equipment for water and wastewater treatment plant	100	100
Chip Eng Seng Contractors (1988) Pte Ltd	Singapore	General building contractor	100	100
CES Engineering & Construction Pte. Ltd.	Singapore	General building contractor	100	100
CES-Precast Pte. Ltd.	Singapore	Manufacturing and trading of precast products	100	100
CES Building and Construction Pte. Ltd.	Singapore	General building and related services	100	100
CES_INNOVFAB Pte. Ltd.	Singapore	Modular building construction (3D printing)	100	100

1. **Corporate information (cont'd)**

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2021	2020
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
	CES_SDC Pte. Ltd.	Singapore	Building construction and construction project management	100	100
	CES_Lodge Pte. Ltd.	Singapore	Acquisition of portable containers/ structure to rent out as workers' dormitory and provision of related services	100	100
!!	CESI (Myanmar) Company Limited (f.k.a. SDCI (Myanmar) Company Limited)	Myanmar	General building contractor and project management	100	100
	CEL-Changi Pte. Ltd.	Singapore	Property developer	100	100
	Fernvale Development Pte. Ltd.	Singapore	Property developer	60	60
	CEL Property Pte. Ltd.	Singapore	Property developer and investment holding	100	100
	CEL-Yishun (Residential) Pte. Ltd.	Singapore	Property developer	100	100
	CEL-Yishun (Commercial) Pte. Ltd.	Singapore	Property developer	100	100
	CEL Real Estate Development Pte. Ltd.	Singapore	Property developer and investment holding	100	100
	CEL-Simei Pte. Ltd.	Singapore	Liquidated	–	100
	CEL-Fort Pte. Ltd.	Singapore	Property developer	100	100
	CEL Property Development Pte. Ltd.	Singapore	Property developer	100	100
~	CEL Technology Development (Taicang) Co., Ltd.	China	Investment holding	100	100
	CEL Newton Pte. Ltd.	Singapore	Property developer	100	100
	CEL Unique Pte. Ltd.	Singapore	Investment holding	60	60
	CEL Unique Holdings Pte. Ltd.	Singapore	Investment holding	60	60
	CEL Unique Development Pte. Ltd.	Singapore	Property developer	60	60

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. Corporate information (cont'd)

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2021	2020
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
	CEL Property Investment (Australia) Pte. Ltd.	Singapore	Investment holding	100	100
	CEL Property Investment Pte. Ltd.	Singapore	Property investor	100	100
	Evervit Development Pte Ltd	Singapore	Property investor	100	100
	CES Property Investment (New Zealand) Pte. Ltd.	Singapore	Investment holding	100	100
	CES-Vietnam Holdings Pte. Ltd.	Singapore	Investment holding	100	100
	CES-NB Pte. Ltd.	Singapore	Investment holding	100	100
	CES-VH Holdings Pte. Ltd.	Singapore	Investment holding	100	100
#	CES Investment (Vietnam) Pte. Ltd.	Singapore	Investment holding	100	100
#	CES Management (Vietnam) Pte. Ltd.	Singapore	Investment holding	100	100
	CES Hotels (Australia) Pte. Ltd.	Singapore	Investment holding	100	100
	CEL-Alexandra Pte. Ltd.	Singapore	Hotel owner and property investor	100	100
	CES Park (Maldives) Pte. Ltd.	Singapore	Investment holding	70	70
	CES Hotels (Maldives) Pte. Ltd.	Singapore	Investment holding	100	100
	CES Tropical (Maldives) Pte. Ltd.	Singapore	Investment holding	70	70
^^	Samarafushi Pvt Ltd	Maldives	Resort owner	70	70
^^	CEL Australia Pty Ltd	Australia	Investment holding	100	100
	CES Glenelg Pty Ltd	Australia	Liquidated	–	100
^^	CES-Queen (VIC) Pty Ltd	Australia	Property developer	100	100
^^	CES Properties (AUS) Pty Ltd	Australia	Property investor	100	100
^^	CES-Northcote (VIC) Pty Ltd	Australia	Property developer	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. **Corporate information (cont'd)**

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest	
				2021	**2020**
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
^^	CES-Gladstone (VIC) Pty Ltd	Australia	Property developer	100	100
^^	CES South Perth (WA) Pty Ltd	Australia	Investment holding	100	100
^^	CES Sirona Lyall (WA) Pty Ltd	Australia	Property developer	70	70
#	CEL Real Estate Pty Ltd	Australia	Property developer	100	100
^^	CES Grosvenor (SA) Pty Ltd	Australia	Property investor	100	100
^^	CES Grosvenor Hotel (SA) Pty Ltd	Australia	Hotel owner	100	100
^^	CES Mandurah Hotel (WA) Pty Ltd	Australia	Hotel owner	100	100
^^	CES Pirie Hotel (SA) Pty Ltd	Australia	Hotel owner	100	100
#	CES Hotel Investment Pty Ltd	Australia	Investment holding	100	100
++	CES Properties (NZ) Pty Limited	New Zealand	Investment holding	100	100
^^	CES-Precast Sdn. Bhd.	Malaysia	Manufacturing of precast concrete components	100	100
*	CES Horizon Sdn. Bhd.	Malaysia	International school education provider	100	100
^^	CES Park Kodhipparu Private Limited	Maldives	Resort owner	70	70
^^	Viet Investment Link Joint Stock Company	Vietnam	Provision of management services	99	99
	CES MAIC Management (Vietnam) Co., Ltd	Vietnam	Disposed	–	70
	CES ASG Pte. Ltd.	Singapore	Investment holding	100	100
	Sing-Ed Asia Pte. Ltd.	Singapore	Investment holding	100	100
	Sing-Ed Junior Schools Pte. Ltd.	Singapore	Childcare and related services	100	100
	Penn Junior Academy Pte. Ltd.	Singapore	Provision of early childhood enrichment education	100	100
	CES Greenville Pte. Ltd.	Singapore	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. Corporate information (cont'd)

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest	
				2021	2020
	<u>Subsidiaries</u> (cont'd)				
	Held by subsidiaries (cont'd)				
~	Greenville Consultancy & Management (Shanghai) Co., Ltd.	China	Provision of early childhood enrichment education	100	100
#	Magna Education Pte. Ltd.	Singapore	Investment holding	100	100
	The Perse School (Singapore) Pte. Ltd.	Singapore	International school education provider	100	100
	CES WL Pte. Ltd.	Singapore	Investment holding	100	100
	CES Edutech Pte. Ltd.	Singapore	Investment holding	100	100
	Sing-Ed (China) Pte. Ltd. (f.k.a. CES Education (China) Pte. Ltd.)	Singapore	Investment holding	100	100
	Invictus Junior Schools Pte. Ltd. (f.k.a. White Lodge Education Group Services Pte. Ltd.)	Singapore	Investment holding	100	70
	Invictus BT Pte. Ltd. (f.k.a. White Lodge, Bukit Timah Pte. Ltd.)	Singapore	Kindergarten and related services	100	70
	White Lodge, Upper Bukit Timah Pte. Ltd.	Singapore	Kindergarten and related services	100	70
	Invictus EC Pte. Ltd. (f.k.a. White Lodge Kindergarten, East Coast Pte. Ltd.)	Singapore	Kindergarten and related services	100	70
	Invictus UEC Pte. Ltd. (f.k.a. White Lodge, Upper East Coast Pte. Ltd.)	Singapore	Kindergarten and related services	100	70
	Primus PP Pte. Ltd. (f.k.a. White Lodge Kindergarten, Phoenix Park Pte. Ltd.)	Singapore	Kindergarten and related services	100	70
	Invictus WC Pte. Ltd. (f.k.a. White Lodge, West Coast Pte. Ltd.)	Singapore	Kindergarten and related services	100	70
	White Lodge School of Arts, Loewen Gardens Pte. Ltd.	Singapore	Kindergarten and related services	100	70

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. **Corporate information (cont'd)**

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2021	2020
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
	Primus RV Pte. Ltd. (f.k.a. White Lodge Preschool River Valley Pte. Ltd.)	Singapore	Childcare and related services	100	70
@	White Lodge Education Services (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	70
@	White Lodge Bangsar South Childcare Centre Sdn. Bhd.	Malaysia	Childcare and related services	100	70
@	White Lodge Mont Kiara Childcare Centre Sdn. Bhd.	Malaysia	Childcare and related services	100	70
	Invictus International School Pte. Ltd.	Singapore	International school education provider	100	93
	Invictus World Schools Pte. Ltd.	Singapore	Investment holding	100	93
	Swallows and Amazons Pte. Ltd.	Singapore	Nursery, kindergarten and related services	100	93
ß	Invictus (Cambodia) Co., Ltd.	Cambodia	International school education provider	100	93
@@	Invictus International School (Hong Kong) Limited	Hong Kong	International school education provider	100	93
@@	Invictus Kindergarten (Hong Kong) Limited	Hong Kong	International kindergarten service provider	100	93
@@	Invictus School (Chai Wan) Limited	Hong Kong	International school education provider	100	93
#	Penn Junior (Aus) Pty Ltd	Australia	Investment holding	100	100
#	Penn Junior Tarneit West (Vic) Pty Ltd	Australia	Childcare and related services	100	100
	Sing-ED (Malaysia) Pte. Ltd. (f.k.a. CES Education (Malaysia) Pte. Ltd.)	Singapore	Investment holding and the provision of education, consultancy and training management services	100	100
^^	CES Eduset Sdn. Bhd.	Malaysia	Investment holding and the provision of education, consultancy and training management services	100	100
^^	CES Repmal Sdn Bhd	Malaysia	International school education provider	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. **Corporate information (cont'd)**

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2021	Proportion (%) of ownership interest 2020
	Associates				
	Held by the Company				
**	Ardille Pte Ltd	Singapore	Investment holding	38	38
	Held by subsidiaries				
^	Pasir Ris EC Pte. Ltd.	Singapore	Under liquidation	40	40
^^	Phu An Sinh Real Estate Investment Co., Ltd	Vietnam	Investment holding	50	50
	Held by associates				
**	ACP Metal Finishing Pte Ltd	Singapore	Provision of custom electro-plating and surface treatment services	38	38
	ACP Poland Spolka Z Ograniczona Odpowiedzialnoscia	Poland	Liquidated	–	38
	Joint ventures				
	Held by subsidiaries				
++	Roxy-CES (NZ) Limited	New Zealand	Property investor	50	50
~~	Amdon Consulting Pte. Ltd.	Singapore	Science education and digital teaching resources	42	38
##	Zeus EduTech Group (Cayman)	Cayman Islands	Investment holding	35	35
	Cybint International Pte. Ltd.	Singapore	Disposed	–	33
	H+E Technologies Pte. Ltd.	Singapore	Process and industrial plant engineering design and consultancy services	55	55
!!!	Jiduohao Education Technology (Shenzhen) Co., Ltd.	China	Education related services	60	60
	Maxwell Commercial Pte. Ltd.	Singapore	Property investor	40	–
	Maxwell Residential Pte. Ltd.	Singapore	Property developer	40	–
	Sophia Commercial Pte. Ltd.	Singapore	Property developer	40	–
	Sophia Residential Pte. Ltd.	Singapore	Property developer	40	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. Corporate information (cont'd)

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest	
				2021	2020
	Joint ventures (cont'd)				
	Held by joint ventures				
!	Guangzhou Zhou Zhi Si Co., Ltd.	China	Investment holding	35	35
!	Guangzhou Yuanda Information Development Co., Ltd.	China	Education provider	35	35
~~	Werkz Asia Pte Ltd	Singapore	Development of interactive digital media	42	38
~~	Werkz Technologies Co., Ltd.	Myanmar	Development of educational software	42	38
##	Werkz Publishing, Inc.	United States	Marketing of educational products	42	38
##	Zeus EduTech Group Limited (BVI)	British Virgin Islands	Investment holding	35	35
!	Zeus Edutech Group Limited (HK)	Hong Kong	Investment holding	35	35
	Cybint Solutions Ltd	Israel	Disposed	–	33
	Cybint Solutions Inc	United States	Disposed	–	33
	Joint operations				
	Held by subsidiary				
+	Sinohydro - CES_SDC Joint Venture	Singapore	Building construction and construction project management	50	50
	Hock Lian Seng Infrastructure - CES_SDC JV	Singapore	Provision of civil engineering works	40	40

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

1. Corporate information (cont'd)

All subsidiaries, associates, joint ventures and joint operations are audited by Ernst & Young LLP, Singapore except those disclosed below:-

#	Not required to be audited as these companies are considered dormant and exempted from audit under the Singapore Companies Act or relevant statutory laws in the respective country of incorporation.
##	Not required to be audited by law in country of incorporation.
^	Not required to be audited as the company is under liquidation during the year.
^^	Audited by member firms of EY Global.
^^^	Audited by KBH Integra PAC.
*	Audited by KTP & Company PLT, Malaysia.
**	Audited by RSM Chio Lim LLP, Singapore.
+	Audited by member firms of KPMG Global.
++	Audited by HLB Mann Judd, Auckland.
@	Audited by BDO, Malaysia.
@@	Audited by Fung, Yu & Co CPA.
~	Audited by EunaCon Perfect Alliance CPA.
~~	Audited by Ken Wong & Co.
~~	Audited by Thaung Aye & Associates.
!	Audited by ST Lo & Co. Certified Public Accounting.
!!	Audited by Khin Su Htay & Associates Limited.
!!!	Audited by Shenzhen Shi Hua Tu Kuai Ji Shi Wu Suo.
ß	Audited by Fides Services Cambodia.

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 a historical cost basis except as disclosed in the accounting policies below.

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

2.2 ***Changes in accounting policies and disclosures***

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The adoption of these amendments did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective***

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

Description	*Effective for annual periods beginning on or after*
Amendments to SFRS(I) 3: *Business Combinations - Reference to the Conceptual Framework*	1 January 2022
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 – Costs of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I) 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) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	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*	Date to be determined

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

2.4 ***Basis of consolidation and business combinations***

(a) Basis of consolidation

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) Business combinations and goodwill

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 an asset or liability are recognised in profit or loss.

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

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

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Goodwill is recorded within "Intangible assets" line of the Group's balance sheet.

2.5 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 ***Foreign currency***

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

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency (cont'd)***

(b) Consolidated financial statements

For consolidated purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the 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.

2.7 ***Property, plant and equipment***

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

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

Leasehold land	-	23 to 99 years
Freehold and leasehold buildings	-	5 to 50 years
Container office, building and construction equipment	-	5 to 10 years
Motor vehicles	-	5 years
Computer and office equipment	-	2 to 5 years
Furniture, fixtures and fittings	-	2 to 10 years

Freehold land has an unlimited useful life and therefore is not depreciated.

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

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

2.8 ***Investment properties***

Investment properties are properties that are either owned by the Group or right-of-use assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

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

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.9 *Intangible assets*

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

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

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

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

Club membership

Club membership was acquired separately and is amortised on a straight line basis over its estimated finite useful life of 10 years.

Intellectual property

The cost of intellectual property is its fair value at acquisition date. Intellectual property has estimated finite useful life of 4 to 6 years and is stated at cost less accumulated amortisation and accumulated impairment losses.

Order backlog

The cost of order backlog is its fair value at acquisition date. Order backlog is stated at cost less accumulated amortisation and accumulated impairment losses. The amortisation of order backlog is over the estimated period that the backlog is expected to be fulfilled.

Brands

The brands were acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group. Brands are stated at cost less accumulated impairment.

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

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

2. Summary of significant accounting policies (cont'd)

2.11 ***Subsidiaries***

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

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

2.12 ***Joint ventures and associates***

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

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

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

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

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 associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or 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 associate or joint venture and its carrying value and recognises the amount in profit or loss.

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

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses.

2.13 ***Joint operations***

A joint operation is an arrangement in which the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

The Group recognises in its financial statements, its interest in the joint operations as follows: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the share of its output arising from the joint operations; its share of the revenue from the sale of the output by the joint operations; and its expenses, including its share of any expenses incurred jointly.

2. Summary of significant accounting policies (cont'd)

2.14 *Financial instruments*

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

<u>Investments in debt instruments</u>

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. The three measurement categories for classification of debt instruments are:

(i) *Amortised cost*

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

(ii) *Fair value through other comprehensive income ("FVOCI")*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

<u>Investments in equity instruments</u>

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

De-recognition

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

2. Summary of significant accounting policies (cont'd)

2.14 ***Financial instruments (cont'd)***

(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 de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Current/Non-current classification of loans and borrowings

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

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

2.15 ***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.

2. Summary of significant accounting policies (cont'd)

2.15 ***Impairment of financial assets (cont'd)***

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 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.

2.16 ***Cash and cash equivalents***

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits with financial institutions and net of bank overdrafts (if any).

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.17 ***Development properties***

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.18 ***Inventories***

Inventories comprise mainly hotel supplies such as food and beverages, linen, glassware and sundry supplies, and precast building materials such as reinforcement steel, welded mesh and concrete.

Hotel supplies are stated at the lower of cost (first-in-first-out method) and net realisable value.

Precast building materials are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 ***Assets held for sale***

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.19 ***Assets held for sale (cont'd)***

Assets classified as held for sale are presented separately as current items in the balance sheet.

2.20 ***Provisions***

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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

2.21 ***Government grants***

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grant related to expense item is presented as a credit in profit or loss as "Other income".

2.22 ***Financial guarantee***

A financial guarantee 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 measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.23 ***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 that 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 or sale. 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.

2.24 ***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.

(b) Share-based payments

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

2. Summary of significant accounting policies (cont'd)

2.25 ***Leases***

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term lease 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 lease (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 lease term ranging from 2 to 46 years.

The Group's right-of-use assets are included in 'Property, plant and equipment'.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.10.

(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 exercise by 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 the lease term, a change in the lease payments (eg. 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 assets.

The Group's lease liabilities are included in 'Other liabilities' (see Note 22).

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

The Group applies the short-term leases recognition exemption to its short-term leases (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 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.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.26(d). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.26 ***Revenue***

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

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

(a) Construction revenue

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised over time by measuring the progress towards complete satisfaction of performance obligations. The stage of completion is typically assessed by reference to either surveys of work performed (output method), or the cost incurred to date relative to total estimated cost (input method) depending on which method commensurate with the pattern of transfer of control to the customer. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Contract revenue and contract costs are recognised as revenue by reference to the stage of completion of the contract activity at the end of the reporting period over time, when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs or with reference to surveys of work performed or on a milestone payment schedule.

(b) Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction 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.

Deferred 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 deferred 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 relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

2. Summary of significant accounting policies (cont'd)

2.26 ***Revenue (cont'd)***

(c) Revenue from hotel operations

Revenue from the rental of hotel rooms and other facilities is recognised when the services are rendered. Revenue from the sale of food and beverage is recognised when the goods are delivered to the customer.

(d) Rental income

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

(e) School fees

School fees are recognised when the services are rendered.

(f) Interest income

Interest income is recognised using the effective interest method.

2.27 ***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 the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates 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 temporary differences, except:

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

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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.

2. Summary of significant accounting policies (cont'd)

2.27 ***Taxes (cont'd)***

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the 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 subsidiaries, associates and interests in joint ventures, 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 each reporting period.

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

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.28 ***Share capital and share issuance expenses***

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

2.29 ***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 respectively.

2. Summary of significant accounting policies (cont'd)

2.30 ***Contingencies***

A contingent liability is:

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

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

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

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

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

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

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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 ***Judgements made in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Sale of development properties

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgement made in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts were subjected.

(b) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The periods covered by renewal options are included as part of the lease term only when they are reasonably certain to be exercised.

Refer to Note 28 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

3. Significant accounting judgements and estimates (cont'd)

3.2 *Key sources of estimation uncertainty*

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

(a) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged real estate valuation experts to assess fair value as at 31 December 2021. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

The fair values of investment properties are determined by independent real estate valuation experts using either market comparable approach, capitalisation approach, discounted cash flow approach or residual land value approach.

The determination of the fair values of the investment properties requires the use of estimates on yield adjustments such as location, size, tenure, age and condition, and also involved estimation uncertainties on the capitalisation rate used.

The key assumptions used to determine the fair value of the investment properties are further explained in Notes 11 and 30(c)(i).

(b) Revenue from construction contracts, contract assets and contract liabilities

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs. Significant assumptions are required to estimate contract cost. In making these estimates, management has relied on past experience and knowledge of management.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 4(c). If the estimated total contract cost had been 2% higher than management's estimate, contract assets and contract liabilities would have been $19,518,000 lower and $3,779,000 higher respectively (2020: $15,568,000 lower and $10,063,000 higher).

(c) Revenue recognition on development properties under construction

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

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to estimate amounts to be incurred.

The carrying amounts of assets and liabilities as well as the revenue from sale of development properties (recognised on over time basis) are disclosed in Note 17 and Note 4 respectively. If the estimated total development cost had been 2% higher than management's estimate, the carrying amount of the development properties under construction would have been $2,626,000 (2020: $11,013,000) higher and revenue would have been $4,264,000 (2020: $15,559,000) lower.

3. Significant accounting judgements and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(d) Impairment of intangible assets

As disclosed in Note 12, the recoverable amounts of the cash generating units which goodwill, intellectual property, order backlog and brands have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the weighted average cost of capital and terminal yield rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 12.

The carrying amount of the intangible assets as at 31 December 2021 is $46,038,000 (2020: $49,880,000).

(e) Impairment of hotel assets

An impairment exists when the carrying value of hotel asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

Management assesses, on an annual basis, whether there are indicators for potential impairment. Where applicable, the Group considers independent valuation reports of valuation specialists. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time. The value in use calculation is based on a discounted cash flow model derived from the budget for the next five years or the commercial useful life of the assets. The recoverable amount is most sensitive to the discount rate and capitalisation rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount of hotel assets as at 31 December 2021 is $340,682,000 (2020: $347,122,000).

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For the financial year ended 31 December 2021

4. Revenue

(a) Disaggregation of revenue

	Construction		Property development		Hospitality		Property investment		Corporate		Education		Total revenue	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets														
Singapore	352,031	144,592	582,858	464,169	14,582	16,466	4,073	4,613	10	9	24,368	19,337	977,922	649,186
Australia	–	–	65,254	–	7,960	6,453	953	678	–	–	–	–	74,167	7,131
Maldives	–	–	–	–	23,516	11,715	–	–	–	–	–	–	23,516	11,715
Malaysia	318	–	–	–	–	–	–	–	–	–	4,345	5,151	4,663	5,151
Hong Kong	–	–	–	–	–	–	–	–	–	–	5,865	1,351	5,865	1,351
Bangladesh	18,881	–	–	–	–	–	–	–	–	–	–	–	18,881	–
Others	8,265	–	–	–	–	–	–	–	–	–	2,120	99	10,385	99
	379,495	144,592	648,112	464,169	46,058	34,634	5,026	5,291	10	9	36,698	25,938	1,115,399	674,633
Major product or service lines														
Construction contracts	379,495	144,592	–	–	–	–	–	–	–	–	–	–	379,495	144,592
Development properties	–	–	648,053	464,169	–	–	–	–	–	–	–	–	648,053	464,169
Hotel operations	–	–	–	–	46,058	34,634	–	–	–	–	–	–	46,058	34,634
Rental of investment properties	–	–	–	–	–	–	5,026	5,291	–	–	–	–	5,026	5,291
School fee	–	–	–	–	–	–	–	–	–	–	36,664	25,893	36,664	25,893
Management fee	–	–	59	–	–	–	–	–	10	9	34	45	103	54
	379,495	144,592	648,112	464,169	46,058	34,634	5,026	5,291	10	9	36,698	25,938	1,115,399	674,633
Timing of transfer of goods or services														
At a point in time	43,961	18,254	65,313	–	11,855	8,381	–	–	10	9	1,818	933	122,957	27,577
Over time	335,534	126,338	582,799	464,169	34,203	26,253	5,026	5,291	–	–	34,880	25,005	992,442	647,056
	379,495	144,592	648,112	464,169	46,058	34,634	5,026	5,291	10	9	36,698	25,938	1,115,399	674,633

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Revenue (cont'd)

(b) Judgement and methods used in estimating revenue

Recognition of revenue from development properties over time

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

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

Revenue from construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs. Significant assumptions are required to estimate contract cost. In making these estimates, management has relied on past experience and knowledge of management.

(c) Contract assets and contract liabilities

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

	Group	
	2021	**2020**
	$'000	$'000
Receivables from contracts with customers (Note 16)	589,650	368,994
Contract assets	73,494	329,211
Deferred contract costs	20,209	15,121
Contract liabilities	47,024	59,385

During the year, the Group has recognised impairment losses on trade receivables arising from contracts with customers amounting to $556,000 (2020: $159,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for the sale of development properties and revenue from construction contracts. 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 sale of development properties and revenue from construction contracts. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract.

4. Revenue (cont'd)

(c) Contract assets and contract liabilities (cont'd)

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

	Group	
	2021	**2020**
	$'000	$'000
Contract asset reclassified to receivables	327,641	149,404

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

	Group	
	2021	**2020**
	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	58,540	24,190

(d) Deferred contract costs

	Group	
	2021	**2020**
	$'000	$'000
Deferred incremental costs of obtaining contract – commission costs paid to property agents		
At 1 January	15,121	14,416
Additions	26,334	12,947
Amortisation	(21,229)	(12,242)
Foreign exchange difference	(17)	–
At 31 December	20,209	15,121

4. Revenue (cont'd)

(e) Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2021 is $1,907,696,000 (2020: $905,374,000). The Group expects these performance obligations to be recognised in the next 5 years (2020: 4 years). This amount has not included the following:

- Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration for one year or less, or
  - The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

5. Other (losses)/gains net and other income

	Group	
	2021	**2020**
	$'000	$'000
Interest income	1,248	2,432
Rent concessions from landlords (a)	649	1,062
Government grants	9,955	19,110
Rental income from non-investment holding companies	1,096	975
Sales of materials	295	416
Deposits forfeited from buyers	360	642
Other miscellaneous income	2,109	893
Net foreign exchange (loss)/gain	(1,377)	4,087
Gain on disposal of investment properties	810	–
Gain on disposal of joint venture	3,647	–
Gain on disposal of property, plant and equipment	266	132
Property, plant and equipment written off (Note 10)	(3,572)	(6,969)
Fair value loss on investment properties (Note 11)	(6,507)	(11,043)
Fair value loss on investment security	–	(2,347)
Writeback of impairment/(Impairment) loss on property, plant and equipment (Note 10)	3,808	(5,304)
Impairment loss on investments in joint ventures	(14,359)	–
Impairment loss on financial assets		
- Trade receivables	(556)	(159)
- Other receivables	(1,400)	(2,138)
Provision for restructuring costs	(1,810)	–
	(5,338)	1,789

(a) Rent concessions received from lessors to which the Group applied the practical expedient under Amendments to SFRS(I) 16 *COVID-19 Related Rent Concessions.*

6. Finance costs

	Group	
	2021	2020
	$'000	$'000
Interest expense on bank loans and borrowings	26,364	35,718
Interest expense on loans from non-controlling interests	1,387	2,567
Interest expense on lease liabilities	3,973	4,045
Less: Interest expense capitalised in development properties (Note 17)	–	(1,857)
Interest expense capitalised in property, plant and equipment (Note 10)	(702)	(637)
Interest expense capitalised in investment properties (Note 11)	(367)	(466)
	30,655	39,370

7. Loss before tax

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

	Group	
	2021	2020
	$'000	$'000
Audit fees paid to:		
- Auditor of the Company	639	563
- Other auditors	212	202
Non-audit fees paid to:		
- Auditor of the Company	36	12
- Network of member firms of the Auditor of the Company	7	8
Depreciation of property, plant and equipment	41,582	37,422
Amortisation of intangible assets (Note 12)	4,962	2,479
Employee benefits expense (Note 26)	112,737	89,207
Legal and professional fees	3,327	5,288
Provision for onerous contracts (Note 22)	4,706	7,163
Inventories recognised as an expense in cost of sales (Note 18)	22,443	10,466
Maintenance of property, plant and equipment	5,398	5,225
One-off non-productive COVID-19 related expenses included in development property cost of sales	3,060	–
One-off non-productive COVID-19 related expenses included in construction cost of sales	398	20,831

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group	
	2021	**2020**
	$'000	$'000
Consolidated income statement:		
Current income tax		
- current income taxation	2,335	1,210
- under/(over)provision in respect of previous years	1,538	(355)
Deferred income tax		
- origination and reversal of temporary differences	4,106	234
- underprovision in respect of previous years	1,041	–
Income tax expense recognised in profit or loss	9,020	1,089

Relationship between tax expense and loss before tax

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

	Group	
	2021	**2020**
	$'000	$'000
Loss before tax	(12,610)	(77,401)
Share of results of associates and joint ventures, net of tax	7,716	1,480
Loss before tax and share of results of associates and joint ventures	(4,894)	(75,921)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

8. Income tax expense (cont'd)

Relationship between tax expense and loss before tax (cont'd)

	Group	
	2021	**2020**
	$'000	$'000
Tax at the domestic rates applicable to profits in the countries where the Group operates	(1,170)	(14,239)
Adjustments:		
Non-deductible expenses	13,829	15,651
Income not subject to taxation	(6,356)	(5,767)
Benefits from previously unrecognised tax losses and allowances	(5,358)	(160)
Deferred tax assets not recognised	5,707	6,254
Effect of partial tax exemption and tax relief	(187)	(363)
Under/(Over)provision in respect of previous years	2,579	(355)
Others	(24)	68
Income tax expense recognised in profit or loss	9,020	1,089

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

9. Loss per share

Basic loss per share are calculated by dividing the loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share are calculated by dividing loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial 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 loss attributable to owners of the Company and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group	
	2021	**2020**
	'000	'000
Loss, net of tax, attributable to owners of the Company used in the computation of basic and diluted loss per share ($)	(31,486)	(81,067)
Weighted average number of ordinary shares for basic and diluted loss per share computation	783,419	782,946

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

10. Property, plant and equipment

Group	Freehold land	Leasehold land	Freehold and leasehold buildings	Container office, building and construction equipment	Container office, building and construction equipment under construction	Motor vehicles	Computer and office equipment	Furniture, fixture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 January 2020	35,879	163,646	271,592	14,616	–	8,869	6,064	48,037	548,703
Additions	–	59,481	39,316	5,247	–	767	1,520	13,566	119,897
Disposals	–	–	–	(874)	–	(884)	(28)	(76)	(1,862)
Written off	–	–	(5,090)	–	–	(407)	(169)	(4,407)	(10,073)
Transfer between accounts	–	–	(380)	–	–	369	47	(36)	–
Arising from acquisition of subsidiaries (Note 13)	–	–	37	–	–	–	92	–	129
Exchange differences	1,541	(1,694)	(1,110)	(27)	–	(33)	(19)	545	(797)
At 31 December 2020 and 1 January 2021	37,420	221,433	304,365	18,962	–	8,681	7,507	57,629	655,997
Additions	–	10	6,740	2,478	758	962	1,403	4,659	17,010
Disposals	–	–	(608)	(141)	–	(428)	(28)	(255)	(1,460)
Written off	–	–	(7,097)	–	–	–	(232)	(894)	(8,223)
Cost adjustments	–	(399)	–	–	–	–	–	–	(399)
Transfer from investment properties (Note 11)	–	–	40,390	–	–	–	–	–	40,390
Exchange differences	(899)	1,080	1,656	(99)	–	26	25	(98)	1,691
At 31 December 2021	36,521	222,124	345,446	21,200	758	9,241	8,675	61,041	705,006

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 28(a).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

Group	Freehold land	Leasehold land	Freehold and leasehold buildings	Container office, building and construction equipment	Container office, building and construction equipment under construction	Motor vehicles	Computer and office equipment	Furniture, fixture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation									
At 1 January 2020	–	17,859	24,992	9,923	–	3,540	4,519	20,805	81,638
Depreciation charge	–	3,350	22,575	2,219	–	1,882	1,168	6,943	38,137
Impairment loss	–	1,627	2,991	–	–	–	–	686	5,304
Disposals	–	–	–	(874)	–	(806)	(16)	(47)	(1,743)
Written off	–	–	(292)	–	–	(149)	(146)	(2,517)	(3,104)
Exchange differences	–	(60)	(341)	(19)	–	(11)	(11)	512	70
At 31 December 2020 and 1 January 2021	–	22,776	49,925	11,249	–	4,456	5,514	26,382	120,302
Depreciation charge	–	3,433	22,588	4,577	–	1,874	1,180	8,610	42,262
Writeback of impairment loss	–	(784)	(250)	–	–	–	–	(2,774)	(3,808)
Disposals	–	–	(388)	–	–	(242)	(20)	(170)	(820)
Written off	–	–	(3,599)	–	–	–	(190)	(862)	(4,651)
Exchange differences	–	44	253	(70)	–	9	17	(135)	118
At 31 December 2021	–	25,469	68,529	15,756	–	6,097	6,501	31,051	153,403
Net carrying amount									
At 31 December 2020	37,420	198,657	254,440	7,713	–	4,225	1,993	31,247	535,695
At 31 December 2021	36,521	196,655	276,917	5,444	758	3,144	2,174	29,990	551,603

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

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

Company	Leasehold building	Motor vehicles	Computer and office equipment	Furniture, fixture and fittings	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 January 2020	4,454	2,470	670	81	7,675
Additions	–	538	89	87	714
Disposals	–	(420)	–	–	(420)
Written off	–	(407)	–	–	(407)
At 31 December 2020 and 1 January 2021	4,454	2,181	759	168	7,562
Additions	–	–	194	3	197
Written off	(3,057)	–	(24)	–	(3,081)
At 31 December 2021	1,397	2,181	929	171	4,678
Accumulated depreciation					
At 1 January 2020	1,898	888	535	48	3,369
Depreciation charge	1,897	528	96	18	2,539
Disposals	–	(363)	–	–	(363)
Written off	–	(149)	–	–	(149)
At 31 December 2020 and 1 January 2021	3,795	904	631	66	5,396
Depreciation charge	369	436	94	26	925
Written off	(3,057)	–	(24)	–	(3,081)
At 31 December 2021	1,107	1,340	701	92	3,240
Net carrying amount					
At 31 December 2020	659	1,277	128	102	2,166
At 31 December 2021	290	841	228	79	1,438

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

Assets under construction

The Group's freehold and leasehold buildings included carrying amounts of $1,597,000 (2020: $1,906,000) which relates to expenditure for hotels under construction.

Assets pledged as security

The Group's freehold and leasehold land and buildings with a carrying amount of $397,841,000 (2020: $323,382,000) are mortgaged to secure bank borrowings.

Interest and depreciation capitalisation

During the financial year, interest expense on lease liabilities of $702,000 (2020: $637,000) and depreciation of $680,000 (2020: $715,000) were capitalised under 'Property, plant and equipment'.

Impairment of assets

The management undertook their annual review of the carrying value of property, plant and equipment for indication of impairment and, where appropriate, external valuations were also undertaken. Based on this assessment, a net writeback of impairment of $3,808,000 (2020: an impairment charge of $5,304,000) was recognised in the income statement.

The independent valuation reports have highlighted estimation uncertainty arising from the ongoing COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

Valuation of completed freehold and leasehold land and buildings

As at 31 December, the completed freehold and leasehold land and buildings were appraised by independent professional valuers as follows:

	Group	
	2021	**2020**
	$'000	$'000
At valuation		
Freehold land and buildings	60,389	60,113
Leasehold land and buildings	565,675	521,599

The valuation surplus has not been incorporated in the financial statements.

For purposes of the consolidated cash flows statement, purchase of property, plant and equipment by cash flows comprise the following:

	Group	
	2021	**2020**
	$'000	$'000
Additions of property, plant and equipment	17,010	119,897
Less: Additions of right-of-use assets (Note 28(a))	(3,697)	(68,184)
Less: Interest expenses on lease liabilities capitalised	(702)	(637)
Less: Depreciation capitalised	(680)	(715)
Purchase of property, plant and equipment per consolidated cash flows statement	11,931	50,361

11. Investment properties

	Group	
	2021	**2020**
	$'000	$'000
At 1 January	296,759	305,528
Net loss from fair value adjustments recognised in profit or loss (Note 5)	(6,507)	(11,043)
Additions	3,355	911
Disposals	(32,000)	–
Transfer to property, plant and equipment (Note 10)	(40,390)	–
Transfer to assets held for sale	(27,000)	–
Exchange differences	(783)	1,363
At 31 December	193,434	296,759

The following amounts are recognised in the income statement:

	2021	2020
Rental income (Note 4)	5,026	5,291
Direct operating expenses arising from rental generating properties	2,315	1,936

The Group has no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Properties pledged as securities

Certain investment properties amounting to $172,565,000 (2020: $278,269,000) are mortgaged to secure banking facilities.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at balance sheet date. The valuations were performed by independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 30(c)(i).

The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

Interest capitalisation

During the financial year, borrowing costs of $367,000 (2020: $466,000) arising from borrowings obtained specifically for the investment property were capitalised under 'Investment properties'. Interest rate for the borrowing costs capitalised in 2021 ranged from 1.02% to 1.27% per annum (2020: 1.02% to 2.54% per annum).

11. **Investment properties (cont'd)**

Transfer to property, plant and equipment

In 2021, the Group transferred certain units of an investment property to owner-occupied property as they were redesignated for the Group's use.

Transfer to assets held for sale

In 2021, the Company's subsidiary, CES Capital Holdings Pte. Ltd., had entered into a sale and purchase agreement with a third party to sell all of its equity interest held in Evervit Development Pte Ltd ("EDPL") for $28 million. EDPL is a property holding company whose main asset is the investment property located at 69 Ubi Crescent Singapore 408561. Accordingly, the asset of EDPL is reclassified to 'Assets held for sale'. The disposal was completed on 11 March 2022.

The details of the assets held for sale were as follows:

	Group
	2021
	$'000
Investment property	27,000
Other assets	42
	27,042

12. **Intangible assets**

	Group						**Company**
	Club membership	**Intellectual property**	**Order backlog**	**Brands**	**Goodwill**	**Total**	**Club membership**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
At 1 January 2020	623	4,193	7,500	5,602	33,432	51,350	623
Acquisition of subsidiaries (Note 13)	–	–	2,359	–	2,075	4,434	–
Disposals	(33)	–	–	–	–	(33)	(33)
Exchange differences	–	–	–	–	75	75	–
At 31 December 2020 and 1 January 2021	590	4,193	9,859	5,602	35,582	55,826	590
Addition	–	508	–	–	–	508	–
Adjustment arising from finalisation of purchase price allocation	–	–	1,228	–	(616)	612	–
Write-off	–	(1,746)	–	–	–	(1,746)	–
Exchange differences	–	–	–	–	(39)	(39)	–
At 31 December 2021	590	2,955	11,087	5,602	34,927	55,161	590

12. Intangible assets (cont'd)

	Group						Company
	Club membership	Intellectual property	Order backlog	Brands	Goodwill	Total	Club membership
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated amortisation and impairment							
At 1 January 2020	176	2,286	–	–	941	3,403	176
Amortisation for the year	62	503	1,914	–	–	2,479	62
Disposal	(11)	–	–	–	–	(11)	(11)
Exchange differences	–	–	–	–	75	75	–
At 31 December 2020 and 1 January 2021	227	2,789	1,914	–	1,016	5,946	227
Amortisation for the year	62	503	4,397	–	–	4,962	62
Write-off	–	(1,746)	–	–	–	(1,746)	–
Exchange differences	–	–	–	–	(39)	(39)	–
At 31 December 2021	289	1,546	6,311	–	977	9,123	289
Net carrying amount							
At 31 December 2020	363	1,404	7,945	5,602	34,566	49,880	363
At 31 December 2021	301	1,409	4,776	5,602	33,950	46,038	301

Brands

Brands relate to the "White Lodge" brands for the Group's education services that were acquired in business combinations. As explained in Note 2.9, the useful life of these brands is estimated to be indefinite.

Amortisation expense

The amortisation of club membership, intellectual property and order backlog are included in the "Administrative expenses" line item in the income statement. The remaining amortisation period ranges from 1 to 6 years (2020: 2 to 7 years).

Goodwill, intellectual property and order backlog from acquisitions of subsidiaries

Goodwill and order backlog arising from the construction business acquired on 30 December 2020 were provisionally determined as at 31 December 2020.

Following the completion of the final purchase price allocation in 2021, adjustments were made to the provisional fair values of the identifiable assets and liabilities in respect of the construction business previously recorded in 2020. The effect of the adjustments made during the 12 months period from acquisition date is set out under Note 13.

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12. Intangible assets (cont'd)

Impairment testing of goodwill and other intangible assets

Goodwill and other intangible assets acquired through business combinations have been allocated to the respective cash generating units ("CGU") for impairment testing.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management. The growth rates, weighted average cost of capital rate ("WACC") applied to the cash flow projections and the terminal yield rate used to extrapolate cash flow projections beyond the five-year period are as follows:

	Goodwill and other intangible assets		Student population growth rates		School fee growth rates		WACC		Terminal growth rate	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	%	%	%	%	%	%	%	%
White Lodge	14,778	15,086	2.8	5.0	3.7	–	7.5	10.0	1.5	1.7
Invictus	8,767	8,962	10.7	10.0 - 15.0	1.5	0.3 - 1.5	7.5	14.1	1.5	1.5
Sing-Ed Malaysia	6,480	6,480	9.7	8.0 - 21.0	2.0	1.9 - 2.0	8.4	13.3	–	–
SDC	12,158	14,555	–	–	–	–	8.4	8.4	–	–
Salcon	3,046	4,434	–	–	–	–	9.4	–	–	–

The Group has considered that any reasonably possible changes to the key assumptions will not reduce the recoverable amount to below the carrying value of CGU.

Impairment loss recognised

There was no impairment loss recognised in 2021 and 2020.

13. Investments in subsidiaries

	Company	
	2021	2020
	$'000	$'000
Shares, at cost	124,617	124,192

Details regarding subsidiaries are set out in Note 1.

The Company's contingent liabilities in respect of its investments in subsidiaries are disclosed in Note 29.

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For the financial year ended 31 December 2021

13. Investments in subsidiaries (cont'd)

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries with NCI that are material to the Group in 2021.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
		%	$'000	$'000	$'000
31 December 2021					
CEL Unique Pte. Ltd. and its subsidiaries	Singapore	40	9,945	13,545	–

Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interest is as follows:

Summarised balance sheets	CEL Unique Pte. Ltd. and its subsidiaries
	2021
	$'000
Current	
Assets	582,020
Liabilities	(542,029)
Net current assets	39,991
Non-current	
Assets	–
Liabilities	(6,130)
Net non-current liabilities	(6,130)
Net assets	33,861

13. Investments in subsidiaries (cont'd)

Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statement of comprehensive income	**CEL Unique Pte. Ltd. and its subsidiaries**
	2021
	$'000
Revenue	388,831
Profit before tax	29,959
Income tax expense	(5,095)
Profit after tax and total comprehensive income	24,864
Other summarised information	
Net cash flows generated from operating activities	169,294
Net cash flows used in financing activities	(122,000)

There are no subsidiaries with NCI that are material to the Group in 2020.

Acquisitions of subsidiaries

Acquisition of additional interest in subsidiary in 2021

During the financial year, the Group increased its equity interest in White Lodge Education Group Services Pte. Ltd. ("WLEGS") from non-controlling interest for a purchase consideration of $2,700,000. As a result, the Group's effective interest in WLEGS increased to 100% from 70%.

Following is a reconciliation of how the additional interest in WLEGS acquired has been accounted for:

	$'000
Consideration paid to non-controlling shareholders	2,700
Carrying value of the net assets attributable to additional interest in WLEGS	(806)
Difference recognised in other reserves	1,894

Acquisition in 2020

On 30 December 2020, the Group acquired 100% equity interest in CES_Salcon Pte. Ltd. (f.k.a. Boustead Salcon Water Solutions Pte. Ltd.) ("Salcon").

Salcon is a fully integrated engineering, procurement, construction and maintenance contractor. The acquisition presents an opportunity for the Group to extend the footprint of its existing civil infrastructure business to include design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. In addition, Salcon is qualified to tender for public sector contracts in Singapore with unlimited tender sums.

13. Investments in subsidiaries (cont'd)

Acquisitions of subsidiaries (cont'd)

Acquisition in 2020 (cont'd)

The fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuations have not been received by the date the financial statements for the year ended 31 December 2020 was authorised for issue. Following the completion of the final purchase price allocation in 2021, as the difference between provisional and finalised fair values were not material, adjustments were made in 2021 to the provisional fair values of the identifiable assets and liabilities of Salcon previously recorded in 2020. The effect of the adjustments made during the 12 months period from acquisition date is set out below:

	Fair value recognised on acquisition (provisional)	Adjustments	Fair value recognised on acquisition (final)
	$'000	$'000	$'000
Property, plant and equipment	129	–	129
Intangible assets	2,359	1,228	3,587
Deferred tax liabilities	–	(612)	(612)
Other assets and liabilities	2,717	–	2,717
Total identifiable net assets at fair value	5,205	616	5,821
Goodwill arising from acquisition	2,075	(616)	1,459
Total consideration paid in cash	7,280	–	7,280

Effect of the acquisition of subsidiary on cash flows

Total consideration paid in cash	7,280
Less: Cash and cash equivalents of subsidiary acquired	(7,223)
Net cash outflow on acquisition	57

13. Investments in subsidiaries (cont'd)

Acquisitions of subsidiaries (cont'd)

Acquisition in 2020 (cont'd)

Goodwill arising from acquisition

The goodwill of $1,459,000 comprises the value of expected synergy and opportunity arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

As the acquisition was completed on 30 December 2020, there was no contribution from Salcon to the Group's results in the year of acquisition. If the acquisition had taken place at the beginning of the year of acquisition, Salcon would have contributed revenue of $16,030,000 and net loss of $1,182,000 to the Group's results.

Acquisition of additional interest in subsidiary in 2020

In 2020, the Group increased its equity interest in Invictus International School Pte. Ltd. ("Invictus") via subscription of shares amounting to $25,290,000 and acquisition of shares from non-controlling interest for a purchase consideration of $3,000,000. As a result, the Group's effective interest in Invictus increased to 92.65% from 55.4%.

Following is a reconciliation of how the additional interest in Invictus acquired has been accounted for:

	$'000
Consideration paid to non-controlling shareholders	3,000
Carrying value of the net liabilities attributable to additional interest in Invictus	3,901
Difference recognised in other reserves	6,901

14. Investments in joint ventures and associates

	Note	Group		Company	
		2021	**2020**	**2021**	**2020**
		$'000	$'000	$'000	$'000
Investments in joint ventures	(a)	38,534	32,921	–	–
Investments in associates	(b)	6,484	6,352	650	650
		45,018	39,273	650	650

14. Investments in joint ventures and associates (cont'd)

(a) Investments in joint ventures

As at 31 December 2021, the carrying amount of the Group's investments in joint ventures included an impairment loss of $14,359,000 (2020: Nil) relating to the Group's interests in certain joint ventures. The recoverable values of these joint ventures were assessed to be below their carrying values. The impairment loss was mainly attributable to the Group's investment in Zeus EduTech Group (Cayman) and its subsidiaries ("Zeus Group"). Management has assessed that the regulatory measures rolled out in the People's Republic of China (the "PRC") targeting the tuition industry in July 2021 have adversely impacted the Group's investment in Zeus Group due to uncertainties arising from new policies set by the government, leading to adverse impact on the economic outlook of the tuition industry in PRC. Accordingly, management determined that the recoverable value of Zeus Group to be nil.

As the Group's cost of investments in these joint ventures have been reduced to nil, the Group has discontinued equity accounting for further losses as the Group has no obligation to fund these joint ventures.

Set out below are joint ventures that are material to the Group.

The Group has a 50% interest in the ownership and voting rights in a joint venture, Roxy-CES (NZ) Limited ("Roxy-CES") that is held through a subsidiary. This joint venture is incorporated in New Zealand and is a strategic venture in the business of property investment.

The Group has a 35% interest in Zeus Group, whose principal business is education software, online K-12 education, education training and consulting services. As the Group's cost of investments in Zeus Group have been impaired fully in 2021, hence the joint venture was no longer considered to be material to the Group.

The following table illustrates the summarised financial information of the Group's investment in Roxy-CES and Zeus Group:

	2021	2020	
	Roxy-CES	Roxy-CES	Zeus Group
	$'000	$'000	$'000
Current assets[1]	8,520	12,427	10,517
Non-current assets	180,577	198,202	443
Current liabilities[2]	(31,368)	(31,565)	(9,167)
Non-current liabilities[3]	(140,502)	(155,427)	(103)
Equity	17,227	23,637	1,690
Group's share	50%	50%	35%
Group's carrying amount of the investment	8,613	11,819	592
Add: Quasi-equity loan to a joint venture	25,685	–	–
Add: Goodwill	–	–	9,539
Carrying value of Group's interest in joint ventures	34,298	11,819	10,131

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For the financial year ended 31 December 2021

14. Investments in joint ventures and associates (cont'd)

(a) Investments in joint ventures (cont'd)

The following table illustrates the summarised financial information of the Group's investment in Roxy-CES and Zeus Group: (cont'd)

	2021	2020	
	Roxy-CES	Roxy-CES	Zeus Group
	$'000	$'000	$'000
Revenue	13,035	12,533	8,218
Interest income	14	69	5
Interest expense	2,835	3,218	249
Income tax expense	2,311	3,834	32
Net profit/(loss)	(5,790)	9,301	(13,263)
Other comprehensive income	–	–	224
Total comprehensive income	(5,790)	9,301	(13,039)
[1] Includes cash and cash equivalents	7,019	10,223	894
[2] Includes financial liabilities (excluding trade payables)	30,433	31,246	8,897
[3] Includes financial liabilities (excluding trade payables)	133,943	137,298	–

Quasi-equity loan to a joint venture

These amounts are unsecured, non-interest bearing and the settlement of the amount is neither planned nor likely to occur in foreseeable future.

The following table summarises in aggregate, the carrying amount of Group's interest in all individually immaterial joint ventures and Group's share of profit and total comprehensive income of the Group's individually immaterial joint ventures accounted for using the equity method:

	Group	
	2021	2020
	$'000	$'000
Carrying value of individually immaterial joint ventures	4,236	10,971
Loss after tax and total comprehensive income	(5,109)	(1,566)

Details regarding joint ventures are set out in Note 1.

14. Investments in joint ventures and associates (cont'd)

(b) Investments in associates

There are no associates which are material to the Group.

The following table summarises in aggregate, the Group's share of profit and total comprehensive income of the Group's individually immaterial associates accounted for using the equity method:

	Group	
	2021	**2020**
	$'000	$'000
Profit after tax	288	78
Other comprehensive income	218	178
Total comprehensive income	506	256

Details regarding associates are set out in Note 1.

15. Joint operations

The Group has a 50% and 40% equity interest in the ownership and voting rights in joint operations, Sinohydro - CES_SDC Joint Venture and Hock Lian Seng Infrastructure - CES_SDC JV respectively that are held through a subsidiary, CES_SDC Pte. Ltd.

All joint operations are incorporated in Singapore and are strategic ventures of the business. The Group controls the joint operations with the other partner under the contractual agreements which provide the Group with rights to assets and obligations for the liabilities relating to the joint operations.

Details regarding the joint operations are set out in Note 1.

16. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current:				
Trade receivables	50,655	47,023	–	–
Accrued receivables	538,995	321,971	–	–
Deposits	8,258	6,892	657	255
Recoverables	8,731	5,338	16	–
GST receivables	1,976	3,952	43	–
Loan to investee company	22,293	21,567	–	–
Amounts due from subsidiaries, non-trade	–	–	42,735	–
Amounts due from subsidiaries, trade	–	–	12,029	86,157
Less: Allowance for impairment loss	–	–	(90)	–
Amount due from associate, non-trade	9,000	9,000	–	–
Amounts due from joint ventures, non-trade	249	646	–	–
Amounts due from related parties, trade	181	90	–	–
Others	1,065	2,762	11	–
	641,403	419,241	55,401	86,412
Non-current:				
Amounts due from subsidiaries, non-trade	–	–	336,285	349,813
Less: Allowance for impairment loss	–	–	–	(60,228)
Amount due from associate, non-trade	–	197	–	–
Amounts due from joint ventures, non-trade	53,139	29,493	–	–
Other receivables	3,855	3,282	16	125
	56,994	32,972	336,301	289,710
Total trade and other receivables (excluding GST receivables)	696,421	448,261	391,659	376,122
Add: Cash and cash equivalents (Note 19)	505,888	374,040	76,556	4,439
Total financial assets carried at amortised cost	1,202,309	822,301	468,215	380,561

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For the financial year ended 31 December 2021

16. Trade and other receivables (cont'd)

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	Group	
	2021	**2020**
	$'000	$'000
Vietnamese Dong	9,000	9,000
US Dollar	4,789	5,053
New Zealand Dollar	–	29,493
Renminbi	–	197

Trade receivables and amount due from subsidiaries and related parties, trade (current)

These amounts are non-interest bearing and are generally on 14 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Deposits

Included in the deposits are rental deposits amounting to $1,103,000 (2020: $1,486,000) and deposits paid for building and construction equipment amounting to $2,943,000 (2020: $1,824,000).

Recoverables

Recoverables relate mainly to payment made on behalf of suppliers and advances to sub-contractors.

Loan to investee company

The loan is extended from the Company's subsidiary, Viet Investment Link Joint Stock Company ("VietLink") to Giai Loi Investment Joint Stock Company ("GL") pursuant to a loan agreement with the intention to acquire a 60% stake of a proposed investment in a real estate development project known as "Soai Kinh Lan Apartment – Commercial Center". The loan is secured by certain assets of the owner of GL.

The loan is repayable on demand. Currently, the loan is interest-free until VietLink or its nominated purchaser is a shareholder of GL, upon which, interest will apply to the loan with reference to the market rate at that time. Pursuant to the loan arrangement, GL is obliged to repay the loan, together with any accrued interest, in full or in part on demand by VietLink.

Amounts due from joint ventures and associate, non-trade (current)

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

Amounts due from subsidiaries, non-trade (non-current)

These amounts are unsecured and bear interest at varying rates from 2.56% to 2.97% per annum (2020: 3.30% to 3.84% per annum). The amounts have no fixed repayment terms and are repayable only upon demand by holding company.

Amounts due from joint ventures and associate, non-trade (non-current)

These amounts are unsecured and non-interest bearing, except for loans amounting to $52,989,000 in 2021 at varying rates from 1.15% to 10.00% per annum. The amounts are not expected to be repaid within the next twelve months. All amounts are to be settled in cash.

Other receivables (non-current)

These amounts relate to rental deposits.

16. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables of the Group and amount due from subsidiaries of the Company computed based on lifetime ECL are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
At 1 January	161	130	60,228	–
Charge for the year	556	159	90	60,228
Writeback*	–	–	(60,228)	–
Written off	–	(132)	–	–
Exchange differences	18	4	–	–
At 31 December	735	161	90	60,228

* Management has written back expected credit loss amounting to $60,228,000 which relates to receivables from the education segment subsidiaries due to improvement of business performance of the education segment as the schools received commendable participation from students in online classes amidst the COVID-19 situation.

17. Development properties

	Group	
	2021	**2020**
	$'000	$'000
Properties under development, units for which revenue is recognised over time		
Land and land related costs	529,999	879,770
Development costs	71,169	103,444
	601,168	983,214
Properties under development, units for which revenue is recognised at a point in time		
Land and land related cost	36,505	90,929
Development costs	10,611	20,038
	47,116	110,967
Total development properties	648,284	1,094,181
Development properties recognised as an expense in cost of sales	549,869	386,629

17. Development properties (cont'd)

In 2020, borrowing costs of $1,857,000 arising from borrowings obtained specifically for the development properties were capitalised under "Development cost". Interest rate for borrowing costs capitalised in 2020 ranged from 1.28% to 2.54% per annum.

The development properties are subject to legal mortgages for the purpose of securing bank loans (Note 20).

18. Inventories

	Group	
	2021	**2020**
	$'000	$'000
Raw materials (at cost)	1,054	659
Finished goods (at cost or net realisable value)	3,277	1,405
Hotel supplies (at cost)	992	787
	5,323	2,851
Income statement:		
Inventories recognised as an expense in cost of sales	22,443	10,466

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19. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at banks and on hand	205,328	156,253	20,068	4,141
Short-term deposits	104,574	37,878	56,488	298
Project account – Cash at bank	60,020	52,015	–	–
Project account – Short-term deposits	135,966	127,894	–	–
	505,888	374,040	76,556	4,439

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 12 months (2020: 1 day and 12 months), depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The interest rates for the year ended 31 December 2021 for the Group and the Company range from 0.03% to 1.85% (2020: 0.02% to 1.74%) per annum and from 0.25% to 0.40% (2020: 0.05% to 1.55%) per annum respectively.

As at 31 December 2021, the Group has a total balance of $195,986,000 (2020: $179,909,000) held under the Housing Developers (Project Account) Rules in Singapore and the use of which is also governed by these rules.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Australian Dollar	527	548	266	276
US Dollar	10,951	5,196	31	30
Vietnamese Dong	55	53	52	50
Euro	3,314	5,470	–	–
United Arab Emirates Dirham	–	214	–	–

The Group has pledged a part of its short-term deposits to fulfil collateral requirements.

For purposes of the consolidated cash flows statement, cash and cash equivalents comprise the following:

	Group	
	2021	2020
	$'000	$'000
Cash and cash equivalents per balance sheet	505,888	374,040
Less: short-term deposits pledged	(4,102)	(4,256)
Cash and cash equivalents per consolidated cash flows statement	501,786	369,784

20. Loans and borrowings

	Maturity	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Current:					
Secured bank loans	2022/2021	440,211	180,602	–	–
Unsecured bank loans	2022/2021	6,039	4,006	–	–
Unsecured term notes	2021	–	13,000	–	13,000
Unsecured term notes	2022	54,000	–	15,000	–
		500,250	197,608	15,000	13,000
Non-current:					
Secured bank loans	2023 to 2040	808,375	1,444,629	–	–
Unsecured bank loans	2025	28,609	30,243	–	–
Unsecured term notes	2022	–	125,250	–	25,250
Unsecured term notes	2024	120,000	–	–	–
		956,984	1,600,122	–	25,250
Total loans and borrowings		1,457,234	1,797,730	15,000	38,250

Secured bank loans

The Group's bank loans are denominated in Singapore Dollar, Malaysian Ringgit and US Dollar. For the year ended 31 December 2021, the bank loans bear interest at varying rates from 1.02% to 5.15% (2020: 0.95% to 5.15%) per annum.

The bank loans are secured by:

(a) legal mortgage on the school campus (Note 10), hotels (Note 10), precast yard (Note 10), investment properties (Note 11) and development properties (Note 17);
(b) assignment of sale and rental proceeds, present and future tenancy and sales agreement;
(c) assignment of construction contracts, performance bonds and fire insurance policies;
(d) subordination of shareholder's loan;
(e) fixed and floating charge on all the assets of the hotel;
(f) assignment of building agreements;
(g) assignment of dividends to be received; and
(h) charge of bank accounts with the banker.

20. Loans and borrowings (cont'd)

Unsecured bank loans

The Group's bank loans are denominated in Singapore Dollar and bear interest at varying rates from 2.00% to 2.50% (2020: 2.00% to 2.50%) per annum.

Unsecured term notes

On 14 June 2016, the Company issued $120,000,000 of notes under the $500,000,000 Multicurrency Debt Issuance Programme (the "Programme"). On 11 December 2018, the Company redeemed $107,000,000 of the notes. The remaining $13,000,000 of notes which were unsecured and bore interest at a fixed rate of 4.75% per annum, payable semi-annually in arrear had matured in June 2021.

On 8 May 2017, the Company issued a Supplementary Deed of Covenant to increase the Programme limit from $500,000,000 to $750,000,000.

On 19 May 2017, the Company issued $125,000,000 of notes under the Programme. On 11 December 2018, the Company redeemed $99,750,000 of the notes. The remaining $25,250,000 of notes which are unsecured, bear interest at a fixed rate of 4.90% per annum, payable semi-annually in arrear will originally mature in May 2022. Pursuant to an exchange offer on 16 November 2021, $10,250,000 of notes was exchanged with an equivalent amount of new notes which will mature in December 2024. The remaining $15,000,000 of notes remained repayable in May 2022.

On 15 March 2019, the Company's wholly-owned subsidiary, CES Treasury Pte. Ltd., issued $100,000,000 of notes under the Programme. These notes which are unsecured, bear interest at a fixed rate of 6.00% per annum, payable semi-annually in arrear and will originally mature in March 2022. Pursuant to an exchange offer on 16 November 2021, $61,000,000 of notes was exchanged with an equivalent amount of new notes which will mature in December 2024. The remaining $39,000,000 of notes remained repayable in March 2022.

On 6 December 2021, the Company's wholly-owned subsidiary, CES Treasury Pte. Ltd., issued $120,000,000 of notes under the Programme comprising: (i) $71,250,000 in aggregate principal amount of new notes issued as part of the exchange offer for previous notes expiring in 2022; and (ii) $48,750,000 in aggregate principal amount of additional new notes issued. These notes which are unsecured, bear interest at a fixed rate of 6.50% per annum, payable semi-annually in arrear and will mature in December 2024.

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

	Loans and term notes		Lease liabilities (Note 28)	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At 1 January	1,797,730	1,798,344	117,749	74,097
Cash flows	(341,498)	407	(15,047)	(25,631)
Non-cash changes:				
– New leases	–	–	3,697	68,184
– Accretion of interest	–	–	3,973	4,045
– Rent concession	–	–	(649)	(1,062)
– Acquisition of subsidiary	–	–	–	37
– Adjustments	–	–	(399)	–
– Foreign exchange movement	1,002	(1,021)	1,503	(1,921)
At 31 December	1,457,234	1,797,730	110,827	117,749

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21. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current:				
Trade payables	89,827	60,213	153	159
Other payables	16,468	25,407	45	67
Amounts due to subsidiaries, non-trade	–	–	86,405	27,769
Amount due to non-controlling interest, trade	1,300	5,211	–	–
Amount due to non-controlling interest, non-trade	137,560	–	–	–
GST payables	2,853	1,059	–	50
	248,008	91,890	86,603	28,045
Non-current:				
Trade payables	22,970	17,377	–	–
Amounts due to subsidiaries, non-trade	–	–	252,963	253,243
Amounts due to non-controlling interest, non-trade	10,238	141,894	–	–
	33,208	159,271	252,963	253,243
Trade and other payables (excluding GST payables)	278,363	250,102	339,566	281,238
Add:				
- Other liabilities (excluding lease liabilities) (Note 22)	119,314	117,890	2,565	1,635
- Loans and borrowings (Note 20)	1,457,234	1,797,730	15,000	38,250
Total financial liabilities carried at amortised cost	1,854,911	2,165,722	357,131	321,123

21. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies at 31 December are as follows:

	Group	
	2021	2020
	$'000	$'000
Euro	275	31
US Dollar	2,167	455

Trade payables, amounts due to subsidiaries, non-trade and amounts due to non-controlling interest, trade and non-trade (current)

The amounts are non-interest bearing, except for amounts due to subsidiaries of $84,590,000 in 2021 (2020: $25,250,000) which bear interest ranging from 0.40% to 6.30% (2020: 0.05% to 2.10%) per annum and amount due to non-controlling interest of $109,771,000 (2020: Nil) which bears interest ranging from 1.09% to 1.42%. These amounts are normally settled on 30 to 90 days terms.

Amounts due to subsidiaries, non-trade and amount due to non-controlling interest, non-trade (non-current)

The amounts are unsecured, bear interest ranging from 0.26% to 6.83% (2020: 1.08% to 6.30%) per annum and not expected to be repaid within the next twelve months. The amounts are to be settled in cash.

22. Provision and other liabilities

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current:				
Accrued project costs and operating expenses	110,687	109,717	2,565	1,635
Provision for onerous contracts	5,248	7,030	–	–
Provision for reinstatement costs	1,499	1,068	–	–
Provision for restructuring costs	1,810	–	–	–
Lease liabilities	14,071	10,774	223	373
	133,315	128,589	2,788	2,008
Non-current:				
Accrued project costs and operating expenses	70	75	–	–
Lease liabilities	96,756	106,975	70	293
	96,826	107,050	70	293
Total provision and other liabilities	230,141	235,639	2,858	2,301

22. Provision and other liabilities (cont'd)

	Movement in provision for:			
	Onerous contracts	Reinstatement costs	Restructuring costs	Total
	$'000	$'000	$'000	$'000
At 1 January 2020	6,022	–	–	6,022
Arose during the financial year	7,163	1,068	–	8,231
Acquisition of subsidiary	355	–	–	355
Utilised	(6,510)	–	–	(6,510)
At 31 December 2020	7,030	1,068	–	8,098
Arose during the financial year	4,706	437	1,810	6,953
Utilised	(6,488)	(6)	–	(6,494)
At 31 December 2021	5,248	1,499	1,810	8,557

Provision for onerous contracts is made when it is assessed that the costs to fulfil the performance obligation is unavoidable for loss-making contracts.

Provision for reinstatement costs is made for the expected costs associated with restoring the leased assets upon expiry of leases from landlords to its original condition based on the requirements of the lease contract.

Provision for restructuring costs is made in respect of the planned closure of enrichment centres in the PRC.

23. Deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December relate to the following:

	Group				Company	
	Consolidated Balance Sheet		Consolidated Income Statement		Balance Sheet	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets						
Unutilised tax losses	5,481	5,672	288	(1,444)	–	–
Provisions	1,322	–	(659)	–	–	–
	6,803	5,672			–	–
Deferred tax liabilities						
Differences in depreciation for tax purpose	(5,808)	(5,357)	702	(135)	(31)	(16)
Fair value adjustments on acquisition of subsidiary	(3,257)	(3,312)	(665)	(325)	–	–
Deferred tax liabilities on development properties	(12,950)	(17,547)	4,440	2,138	–	–
	(22,015)	(26,216)			(31)	(16)
Deferred tax expenses			4,106	234		

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and allowances of approximately $130,162,000 (2020: $124,300,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses do not expire under current tax legislation.

24. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2021		2020	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares				
At beginning and end of the year	824,019	175,978	824,019	175,978

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

(b) Treasury shares

	Group and Company			
	2021		2020	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
At 1 January	(41,094)	(29,719)	(41,501)	(30,034)
Reissued pursuant to Chip Eng Seng Performance Share Plan	1,300	940	500	362
Share buyback	–	–	(93)	(47)
At 31 December	(39,794)	(28,779)	(41,094)	(29,719)

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

On 7 January 2021 and 31 December 2021, the Company reissued 500,000 and 800,000 treasury shares at $0.445 per share and $0.410 per share respectively upon vesting of shares granted pursuant to the Chip Eng Seng Performance Share Plan.

On 22 April 2020, the Company bought back 92,800 shares at $0.50 per share.

On 6 January 2020, the Company reissued 500,000 treasury shares at $0.625 per share upon vesting of shares granted pursuant to the Chip Eng Seng Performance Share Plan.

25. Other reserves

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Foreign currency translation reserve	(a)	(8,164)	(5,850)	–	–
Capital reserve	(b)	674	674	–	–
Asset revaluation reserve	(c)	3,007	2,789	–	–
Treasury shares reserve	(d)	(1,307)	(917)	(1,307)	(917)
Share-based compensation reserve	(e)	4,920	5,877	4,920	5,877
Other reserve	(f)	(10,714)	(8,820)	–	–
		(11,584)	(6,247)	3,613	4,960

(a) Foreign currency translation reserve

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

	Group	
	2021	2020
	$'000	$'000
At 1 January	(5,850)	(14,891)
Net effect of exchange difference arising from translation of financial statements of foreign operations	(2,064)	8,657
Share of other comprehensive income of associates and joint ventures	(250)	384
At 31 December	(8,164)	(5,850)

(b) Capital reserve

	Group	
	2021	2020
	$'000	$'000
At beginning and end of the year	674	674

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25. Other reserves (cont'd)

(c) Asset revaluation reserve

This represents the Group's share in fair value reserve of leasehold land and building of an associate.

	Group	
	2021	**2020**
	$'000	$'000
At 1 January	2,789	2,611
Share of other comprehensive income of an associate	218	178
At 31 December	3,007	2,789

(d) Treasury shares reserve

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	Group and Company	
	2021	**2020**
	$'000	$'000
At 1 January	(917)	(868)
Treasury shares reissued pursuant to Chip Eng Seng Performance Share Plan	(390)	(49)
At 31 December	(1,307)	(917)

(e) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative fair value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group and Company	
	2021	**2020**
	$'000	$'000
At 1 January	5,877	4,973
Expiry of share options	(1,187)	–
Fair value of employee services rendered during the year	780	1,217
Treasury shares reissued pursuant to employee share option scheme	(550)	(313)
At 31 December	4,920	5,877

25. Other reserves (cont'd)

(f) Other reserve

Other reserve represents the difference between the change in carrying amount of non-controlling interest acquired and the fair value of the consideration paid.

	Group	
	2021	**2020**
	$'000	$'000
At 1 January	(8,820)	(1,919)
Acquisition of non-controlling interest	(1,894)	(2,037)
Capital contribution to non-wholly owned subsidiary*	–	(4,864)
At 31 December	(10,714)	(8,820)

* This arises as the non-controlling interests did not contribute its share of capital contribution.

26. Employee benefits expense

	Group	
	2021	**2020**
	$'000	$'000
Employee benefits expense (including directors):		
Salaries and bonuses	93,785	75,459
Central Provident Fund contributions	12,369	7,314
Share-based compensation expenses	780	1,217
Other short term benefits	5,803	5,217
	112,737	89,207

Chip Eng Seng Employee Share Option Scheme 2013

The Chip Eng Seng Employee Share Option Scheme 2013 ("ESOS") was approved by the shareholders at the Extraordinary General Meeting of the Company held on 25 April 2013. Under the terms of the ESOS, options to subscribe for the Company's ordinary shares may be granted to employees (including executive directors) and non-executive directors of the Group and the associated companies over which the Company has control. The schemes are administered by the Remuneration Committee.

Options granted shall not exceed 15% of the total issued shares (excluding treasury shares) on the day immediately preceding the offer date of the ESOS. The exercise price of the granted options was determined based on the average of the last business done prices of the Company for five market days immediately preceding the date of grant of the option. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years for options granted at a discounted exercise price, and 1 year for options granted without discount. The share options expire in stages before the eighth anniversary from the date of grant.

On 3 June 2016, options were granted pursuant to the ESOS to an executive director of the Company to subscribe for 40,000,000 ordinary shares in the Company at the discounted exercise price of $0.55 per ordinary share.

On 9 April 2019, options were granted pursuant to the ESOS to two executive directors of the Company to subscribe for 15,000,000 ordinary shares in the Company at the discounted exercise price of $0.76 per ordinary share.

26. Employee benefits expense (cont'd)

Chip Eng Seng Employee Share Option Scheme 2013 (cont'd)

Movements in the number of unissued ordinary shares under the ESOS and their exercise prices are as follows:

	2021		2020	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		$		$
Outstanding at 1 January	50,000,000	0.61	50,000,000	0.61
Expired during the year	(10,000,000)	0.55	–	–
Outstanding at 31 December	40,000,000	0.63	50,000,000	0.61

The range of exercise prices for the options outstanding at the end of the year was $0.55 to $0.76 (2020: $0.55 to $0.76). The weighted average remaining contractual life of these options is 2.8 years (2020: 3.2 years).

Fair value of share options granted

There were no share options granted in 2020 and 2021.

27. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2021	2020
	$'000	$'000
Management and other fees from associates	103	54
Fee paid to a director of the Company under a contract for services	707	605
Interest income from joint ventures	231	–
Sale of development property to a family member of a director of the Company	–	1,202

27. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2021	**2020**
	$'000	$'000
Short-term employee benefits	8,395	8,102
Central Provident Fund contributions	175	230
Share-based compensation expenses	551	1,217
Other short-term benefits	160	175
	9,281	9,724
Comprise amounts paid to:		
- Directors of the Company	3,729	3,867
- Other key management personnel	5,552	5,857
	9,281	9,724

(c) Others

	Group	
	2021	**2020**
	$'000	$'000
Interests on fixed rate notes paid/payable to directors/key management personnel of the Company	2,021	2,003

28. Leases

(a) Group as a lessee

The Group has entered into industrial property lease on a 3D printing yard, land lease for Maldivian lagoons and various commercial property leases. The leases generally have lease terms between 2 and 11 years (2020: 2 and 11 years) except for the leases for the lagoons which have lease term of 45 to 46 years (2020: 45 to 46 years). Generally, the Group is restricted from subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less and lease of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

	Leasehold lands	Leasehold buildings	Total
	$'000	$'000	$'000
Group			
As at 1 January 2021	41,230	79,909	121,139
Additions	–	3,697	3,697
Cost adjustments	(399)	–	(399)
Disposals/write-off	–	(221)	(221)
Exchange differences	855	770	1,625
Depreciation expense	(914)	(15,695)	(16,609)
Impairment loss	–	(156)	(156)
As at 31 December 2021	40,772	68,304	109,076
As at 1 January 2020	10,275	61,332	71,607
Acquisition of subsidiary	–	37	37
Additions	33,390	34,794	68,184
Exchange differences	(1,481)	(645)	(2,126)
Depreciation expense	(954)	(15,196)	(16,150)
Impairment loss	–	(413)	(413)
As at 31 December 2020	41,230	79,909	121,139

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28. Leases (cont'd)

(a) Group as a lessee (cont'd)

Set out below are the carrying amounts of liabilities (included under other liabilities) and the movement during the period:

	Group	
	2021	2020
	$'000	$'000
As at beginning of the year	117,749	74,097
Acquisition of subsidiary	–	37
Additions	3,697	68,184
Exchange differences	1,503	(1,921)
Accretion of interest	3,973	4,045
Rent concessions	(649)	(1,062)
Adjustments	(399)	–
Payments	(15,047)	(25,631)
As at end of the year	110,827	117,749
Current (Note 22)	14,071	10,774
Non-current (Note 22)	96,756	106,975

The maturity analysis of lease liabilities are disclosed in Note 31(b).

The following are the amounts recognised in income statement:

	Group	
	2021	2020
	$'000	$'000
Depreciation expense of right-of-use assets	16,609	16,150
Interest expenses on lease liabilities	3,271	3,408
Expenses relating to short-term leases (included in administrative expenses)	135	95
Expenses relating to leases of low-value assets (included in administrative expenses)	196	127
Variable lease payments (included in administrative expenses)	–	92
Total amount recognised in income statement	20,211	19,872

28. Leases (cont'd)

(a) Group as a lessee (cont'd)

The Group had total cash outflows for leases of $15,378,000 in 2021 (2020: $25,945,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of $3,697,000 in 2021 (2020: $68,184,000). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 35.

The Group has several lease contracts that include termination and extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercise significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3.1).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

		Group	
	Within five years	**Over five years**	**Total**
	$'000	$'000	$'000
2021			
Extension options expected not to be exercised	16,440	119,277	135,717
2020			
Extension options expected not to be exercised	7,546	126,516	134,062

(b) Group as a lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. Most leases have fixed rental with annual upward adjustments agreed upfront or determined by consumer price index.

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	2021	**2020**
	$'000	$'000
Not later than one year	2,941	4,539
Later than one year but not later than five years	2,782	5,206
	5,723	9,745

29. Contingent liabilities

Guarantees

The Company has guaranteed the banking facilities and performance bonds of $1,746,097,000 (2020: $2,089,845,000) and $207,135,000 (2020: $53,902,000) granted to certain subsidiaries and joint ventures respectively. At 31 December 2021, the amounts utilised by the subsidiaries and joint ventures were $1,388,046,000 (2020: $1,707,872,000) and $140,725,000 (2020: $53,902,000) respectively.

Based on information currently available, the Company does not expect any liabilities to arise from the guarantees as the Company will continue to provide financial support to the subsidiaries and joint ventures.

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

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) Assets and liabilities measured at fair value

No financial assets were measured at fair value as at 31 December 2021 and 31 December 2020.

	Fair value measurements at the end of the reporting period using			
Group	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
31 December 2021	$'000	$'000	$'000	$'000
Non-financial assets:				
Investment properties (Note 11)				
Commercial properties	–	–	193,434	193,434
31 December 2020				
Non-financial assets:				
Investment properties (Note 11)				
Commercial properties	–	–	296,759	296,759

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30. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements

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

Description	Fair value at 31 December 2021	Valuation techniques	Unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
	$'000				
Recurring fair value measurements					
Investment properties:					
Commercial properties in Singapore and Australia	193,434	Market comparable approach	Transacted price of comparable properties (psf)	$255 - $5,632	The estimated fair value increases with higher transacted price of comparable properties
		Capitalisation approach	Capitalisation rate	4.00% - 7.00%	The estimated fair value varies inversely against the capitalisation rate, discount rate and terminal yield rate
		Discounted cash flow approach	Discount rate	7.50%	
			Terminal yield rate	7.00%	
		Residual land value method	Gross development value	$2,420 psf	The estimated fair value increases with higher gross development value and decreases with higher estimated development cost
			Estimated development cost	$350 psf	

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For the financial year ended 31 December 2021

30. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Fair value at 31 December 2020	Valuation techniques	Unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
	$'000				
Recurring fair value measurements					
Investment properties:					
Commercial properties in Singapore and Australia	296,759	Market comparable approach	Transacted price of comparable properties (psf)	$255 - $4,223	The estimated fair value increases with higher transacted price of comparable properties
		Capitalisation approach	Capitalisation rate	7.25%	The estimated fair value varies inversely against the capitalisation rate, discount rate and terminal yield rate
		Discounted cash flow approach	Discount rate	7.50%	
			Terminal yield rate	7.25%	
		Residual land value method	Gross development value	$2,420 psf	The estimated fair value increases with higher gross development value and decreases with higher estimated development cost
			Estimated development cost	$333 psf	

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

A reconciliation of the movements in Level 3 assets measured at fair value is presented in Note 11.

(iii) Valuation policies and procedures

The Group revalues its investment property portfolio on an annual basis. The fair values of investment properties are determined by external independent valuers who have appropriate recognised professional qualifications and experience in the location and category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits), 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 customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. 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:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 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 borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where 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.

31. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables

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.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix:

31 December 2021	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Contract assets	73,494	–	–	–	–	73,494
Gross carrying amount	24,684	21,985	2,762	603	1,356	51,390
Loss allowance provision	(11)	(35)	(64)	(52)	(573)	(735)

31 December 2020	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Contract assets	329,211	–	–	–	–	329,211
Gross carrying amount	5,729	17,046	6,200	1,839	16,370	47,184
Loss allowance provision	–	(19)	–	(22)	(120)	(161)

Information regarding loss allowance movement of trade receivables are disclosed in Note 16.

During the financial year, the Group has written-off $Nil (2020: $132,000) of trade receivables which are more than 120 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

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 amount of each class of financial assets recognised in the balance sheets; and
- corporate guarantee provided by the Company for banking facilities granted to subsidiaries and joint ventures (Note 29).

31. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

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

	Group			
	2021		2020	
	$'000	% of total	$'000	% of total
By country:				
Singapore	649,027	98	686,507	98
Other countries	14,117	2	11,698	2
	663,144	100	698,205	100
By industry sector:				
Construction	125,006	19	72,697	10
Property development	531,105	80	618,595	89
Hospitality	4,529	#	4,621	#
Education	2,460	#	2,286	#
Property investment and others	44	#	6	#
	663,144	100	698,205	100

\# Less than 1%

At the end of the reporting period, approximately 8% (2020: 5%) of the Group's trade receivables were due from 3 major customers who are located in Singapore.

31. Financial risk management objectives and policies (cont'd)

(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 standby credit facilities.

At the end of the reporting period, approximately 34% (2020: 11%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturity within twelve months can be rolled over with existing lenders.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	Group			
	One year or less	**One to five years**	**Over five years**	**Total**
31 December 2021	$'000	$'000	$'000	$'000
Trade and other payables	246,716	33,208	–	279,924
Lease liabilities	17,211	49,601	83,342	150,154
Other liabilities (excluding lease liabilities)	119,244	70	–	119,314
Loans and borrowings	524,083	815,279	193,670	1,533,032
Total undiscounted financial liabilities	907,254	898,158	277,012	2,082,424
31 December 2020				
Trade and other payables	92,025	160,267	–	252,292
Lease liabilities	13,773	58,829	87,061	159,663
Other liabilities (excluding lease liabilities)	117,815	75	–	117,890
Loans and borrowings	223,709	1,351,977	348,549	1,924,235
Total undiscounted financial liabilities	447,322	1,571,148	435,610	2,454,080

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Company			
	One year or less	One to five years	Over five years	Total
31 December 2021	$'000	$'000	$'000	$'000
Trade and other payables	96,746	274,616	–	371,362
Lease liabilities	228	71	–	299
Other liabilities (excluding lease liabilities)	2,565	–	–	2,565
Loans and borrowings	15,282	–	–	15,282
Total undiscounted financial liabilities	114,821	274,687	–	389,508
31 December 2020				
Trade and other payables	37,415	256,083	–	293,498
Lease liabilities	389	300	–	689
Other liabilities (excluding lease liabilities)	1,635	–	–	1,635
Loans and borrowings	14,518	25,725	–	40,243
Total undiscounted financial liabilities	53,957	282,108	–	336,065

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Company			
	One year or less	One to five years	Over five years	Total
31 December 2021	$'000	$'000	$'000	$'000
Financial guarantees	436,594	878,155	214,022	1,528,771
31 December 2020				
Financial guarantees	247,944	1,200,867	312,963	1,761,774

31. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to subsidiaries (Note 16).

The interest rate for loan and borrowings are based on floating rate except for the term notes and term loans amounting to $174,000,000 (2020: $138,250,000) and $21,397,000 (2020: $20,000,000) respectively which are based on fixed rate (Note 20).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 basis points ('bps') (2020: 75 bps) lower/higher with all other variables held constant, the Group's profit before tax would have been $9,464,000 (2020: $12,296,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) Foreign currency risk

The functional currencies of the Group entities primarily comprise the Singapore Dollar ("SGD"), US Dollar ("USD"), Australian Dollar ("AUD"), Vietnamese Dong ("VND") and Malaysian Ringgit ("MYR"). All the sales and cost of sales are in their respective functional currencies of the Group entities.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in EURO and USD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, New Zealand, Vietnam, Maldives, Malaysia and China. The Group's net investments in foreign operations are not hedged as currency positions in the foreign operations are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the following exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	Loss before tax	
	2021	2020
	$'000	$'000
NZD		
– strengthened 3% (2020: 3%)	–	(885)
– weakened 3% (2020: 3%)	–	885
USD		
– strengthened 3% (2020: 3%)	(407)	(294)
– weakened 3% (2020: 3%)	407	294
VND		
– strengthened 3% (2020: 3%)	(272)	(272)
– weakened 3% (2020: 3%)	272	272
EURO		
– strengthened 3% (2020: 3%)	(91)	(164)
– weakened 3% (2020: 3%)	91	164

32. Capital management

Capital includes debt and equity items as disclosed in the table below.

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

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

Management monitors capital based on the net debt-equity ratio, which is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents, and total capital is calculated as equity including non-controlling interests in subsidiaries.

	Group	
	2021	**2020**
	$'000	$'000
Loans and borrowings (Note 20)	1,457,234	1,797,730
Less:		
Cash and cash equivalents (Note 19)	(505,888)	(374,040)
Net debt	951,346	1,423,690
Total equity	780,023	817,285
Net debt-equity ratio (times)	1.22	1.74

33. Segment information

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

(a) The construction segment is in the business of general building, precast, infrastructure and civil engineering; and water and environmental engineering contractors.

(b) The property development segment is in the business of developing properties and management of development projects.

(c) The property investment segment is in the business of leasing and management of investment properties.

(d) The hospitality segment is in the business of hotel operations.

(e) The education segment is in the business of providing education services.

(f) The corporate and others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities (if any).

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. Segment information (cont'd)

Year ended 31 December 2021	Construction	Property development	Property investment	Hospitality	Education	Corporate and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:							
Total segment sales	407,014	648,299	8,087	46,058	36,698	7,298	1,153,454
Intersegment sales	(27,519)	(187)	(3,061)	–	–	(7,288)	(38,055)
Sales to external customers	379,495	648,112	5,026	46,058	36,698	10	1,115,399
Interest income	628	455	20	5	113	27	1,248
Finance costs	(1,008)	(15,133)	(3,326)	(3,769)	(5,523)	(1,896)	(30,655)
Depreciation and amortisation	(13,248)	(171)	(193)	(9,970)	(21,919)	(1,043)	(46,544)
Share of results of associates and joint ventures	(143)	158	(2,895)	–	(4,966)	130	(7,716)
Net fair value loss on investment properties	–	–	(6,507)	–	–	–	(6,507)
Other non-cash items:							
Share-based compensation expenses	–	–	–	–	–	(780)	(780)
Provision for onerous contracts	(4,706)	–	–	–	–	–	(4,706)
Provision for restructuring costs	–	–	–	–	(1,810)	–	(1,810)
Impairment loss on trade and other receivables	(85)	–	(76)	–	(1,795)	–	(1,956)
Impairment loss on investments in joint ventures	–	–	–	–	(14,359)	–	(14,359)
Writeback of impairment loss on property, plant and equipment	628	–	–	3,180	–	–	3,808
Segment (loss)/profit	(3,488)	52,008	(7,982)	1,779	(48,897)	(6,030)	(12,610)
Assets and liabilities:							
Investments in joint ventures and associates	110	9	34,299	–	4,124	6,476	45,018
Additions to non-current assets:							
Property, plant and equipment	7,249	43	40	3,992	5,489	197	17,010
Investment properties	–	–	3,355	–	–	–	3,355
Intangible assets	–	–	–	–	508	–	508
Segment assets	302,793	1,567,369	312,161	373,326	186,475	87,079	2,829,203
Segment liabilities	251,930	1,220,806	124,721	223,167	165,456	63,100	2,049,180

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

33. Segment information (cont'd)

Year ended 31 December 2020	Construction	Property development	Property investment	Hospitality	Education	Corporate and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:							
Total segment sales	172,098	464,346	7,699	34,634	25,938	7,459	712,174
Intersegment sales	(27,506)	(177)	(2,408)	–	–	(7,450)	(37,541)
Sales to external customers	144,592	464,169	5,291	34,634	25,938	9	674,633
Interest income	1,281	656	8	27	276	184	2,432
Finance costs	(560)	(23,303)	(3,985)	(4,579)	(5,202)	(1,741)	(39,370)
Depreciation and amortisation	(8,824)	(368)	(187)	(11,446)	(18,372)	(704)	(39,901)
Share of results of associates and joint ventures	–	(142)	4,650	–	(6,209)	221	(1,480)
Net fair value loss on investment properties	–	–	(11,043)	–	–	–	(11,043)
Other non-cash items:							
Share-based compensation expenses	–	–	–	–	–	(1,217)	(1,217)
Provision for onerous contracts	(7,163)	–	–	–	–	–	(7,163)
Impairment loss on property, plant and equipment	(2,040)	–	–	(3,264)	–	–	(5,304)
Impairment loss on trade and other receivables	(44)	–	(35)	–	(2,218)	–	(2,297)
Fair value loss on investment security	–	–	–	–	(2,347)	–	(2,347)
Segment (loss)/profit	(35,010)	15,898	(3,690)	(11,531)	(40,554)	(2,514)	(77,401)
Assets and liabilities:							
Investments in joint ventures and associates	252	220	11,819	–	20,854	6,128	39,273
Additions to non-current assets:							
Property, plant and equipment	31,545	5	8	38,255	49,499	714	120,026
Investment properties	–	–	911	–	–	–	911
Intangible assets	4,434	–	–	–	–	–	4,434
Segment assets	267,085	1,980,303	354,320	368,378	216,483	13,842	3,200,411
Segment liabilities	205,197	1,618,266	138,883	223,211	163,218	34,351	2,383,126

33. Segment information (cont'd)

Geographical information

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	977,922	649,186	527,918	608,881
Australia	74,167	7,131	59,206	58,660
Maldives	23,516	11,715	118,033	118,770
Malaysia	4,663	5,151	33,352	35,069
Hong Kong	5,865	1,351	42,354	49,714
Bangladesh	18,881	–	–	–
Others	10,385	99	10,212	11,240
	1,115,399	674,633	791,075	882,334

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

Information about a major customer

During the financial year ended 31 December 2021, revenue from a major customer from the construction segment amounted to $138,983,000. In 2020, no revenue from transactions with a single customer contributed to 10% or more to the Group's revenue.

34. Dividends

	Company	
	2021	**2020**
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- First and final tax-exempt (one-tier) dividend for 2020: 2.0 cents (2019: 4.0 cents) per share	15,668	31,317
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- First and final tax-exempt (one-tier) dividend for 2021: 2.0 cents (2020: 2.0 cents) per share	15,684	15,568

The proposed dividends are computed based on the number of issued ordinary shares (excluding treasury shares) as at 31 December.

35. Commitments

Committed lease contracts

The Group has entered into lease contract that has not yet commenced as at 31 December 2021. The future lease payments for non-cancellable lease contract are $2,335,000 within 2 to 5 years and $7,918,000 thereafter. The Group has no similar lease contract that has not yet commenced as at 31 December 2020.

Capital commitments

As at 31 December 2021, the Group has entered into capital commitments of $1,666,000 relating to purchase of assets.

36. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 25 March 2022.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2022

SHARE CAPITAL

No. of Issued Shares	:	824,018,676
No. of Issued Shares (excluding Treasury Shares)	:	784,224,776
No./Percentage of Treasury Shares	:	39,793,900 (5.07%*)
Class of Shares	:	Ordinary share
Voting Rights (excluding Treasury Shares)	:	One vote for each share

** Percentage is calculated based on the total numbers of issued shares, excluding treasury shares.*

The Company does not hold any subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	21	0.28	387	0.00
100 - 1,000	475	6.39	417,055	0.05
1,001 - 10,000	3,507	47.20	20,672,776	2.64
10,001 - 1,000,000	3,392	45.66	191,221,164	24.38
1,000,001 and above	35	0.47	571,913,394	72.93
TOTAL	**7,430**	**100.00**	**784,224,776**	**100.00**

Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Chen Huaidan @ Celine Tang ("**Celine Tang**")	290,684,903 [(1)]	37.07	7,600,000	0.97
Tang Yigang @ Gordon Tang ("**Gordon Tang**")	298,284,903 [(2)]	38.04	-	-

Notes:

(1) Celine Tang and Gordon Tang are jointly holding 290,684,903 shares in their joint account. Pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore, Celine Tang is deemed interested in 7,600,000 shares held by her spouse, Gordon Tang, in his personal account.

(2) Celine Tang and Gordon Tang are jointly holding 290,684,903 shares in their joint account. Gordon Tang holds 7,600,000 shares in his personal account.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2022

TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	340,043,109	43.36
2	RAFFLES NOMINEES (PTE.) LIMITED	31,023,107	3.96
3	HSBC (SINGAPORE) NOMINEES PTE LTD	26,490,150	3.38
4	CITIBANK NOMINEES SINGAPORE PTE LTD	25,531,360	3.26
5	OCBC SECURITIES PRIVATE LIMITED	21,646,450	2.76
6	PHILLIP SECURITIES PTE LTD	19,644,651	2.50
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	17,388,555	2.22
8	KENYON PTE LTD	14,044,625	1.79
9	MAYBANK SECURITIES PTE. LTD.	12,812,575	1.63
10	TAN KOK SING	7,283,200	0.93
11	HAI SIA SEAFOOD PTE LTD	4,976,200	0.63
12	SIM YOK KEE @SIM GUEK HIANG	4,530,000	0.58
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,229,404	0.54
14	WONG GHAN OR WONG SHI HAO	3,725,500	0.48
15	SIMMIC INVESTMENTS PTE LTD	3,005,200	0.38
16	ANG JUI KHOON	2,964,700	0.38
17	LIM GUAN PHENG	2,800,000	0.36
18	EST OF HIN HOO SING, DECEASED	2,688,000	0.34
19	DB NOMINEES (SINGAPORE) PTE LTD	2,466,000	0.31
20	DBSN SERVICES PTE. LTD.	2,096,730	0.27
	TOTAL	**549,389,516**	**70.06**

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Approximately 58.39% 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.

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