



**ALPINA HOLDINGS
LIMITED**
(高峰控股有限公司⁽¹⁾)



**BUILDING
STRONG
FOUNDATIONS**

**ANNUAL
REPORT
2021**

⁽¹⁾ The Chinese name of our Company is not part of our registered name.

CONTENTS

| | |
|-----|--|
| 1 | ABOUT US |
| 2 | CORPORATE MILESTONES |
| 3 | OUR BUSINESSES |
| 4 | JOINT MESSAGE FROM OUR EXECUTIVE CHAIRMAN AND CEO AND OUR EXECUTIVE DIRECTOR |
| 5 | BOARD OF DIRECTORS |
| 7 | KEY MANAGEMENT TEAM |
| 8 | FINANCIAL HIGHLIGHTS |
| 9 | OPERATIONS & FINANCIAL REVIEW |
| 13 | GROUP STRUCTURE |
| 14 | CORPORATE SOCIAL RESPONSIBILITY |
| 15 | SUSTAINABILITY REPORTING |
| 16 | CORPORATE GOVERNANCE REPORT |
| 44 | FINANCIAL CONTENTS |
| 104 | STATISTICS OF SHAREHOLDINGS |
| 106 | NOTICE OF ANNUAL GENERAL MEETING |
| 112 | ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION |
| 121 | PROXY FORM |
| 123 | APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE |
| 137 | CORPORATE INFORMATION |



*This annual report (“**Annual Report**”) has been prepared by Alpina Holdings Limited (the “**Company**”) and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (“**Sponsor**”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”). This Annual Report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report. The contact person for the Sponsor is Mr. Lim Hoon Khia, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.*

ABOUT US

Alpina Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is an established Singapore-based contractor specialising in providing integrated building services (“**IBS**”), mechanical and electrical (“**M&E**”) engineering services, and alteration and addition (“**A&A**”) works to public and private sector projects, with a long operating history of over 17 years. Our projects are mainly public sector projects, being projects in which the Singapore Government or a public university in Singapore is the project owner.

We hold 15 Workhead registrations and two (2) builder licences with the Building and Construction Authority (“**BCA**”). These include the highest grading of L6 for our registration under the ME15 (Integrated Building Services) and ME05 (Electrical Engineering) Workheads, which allow us to undertake projects in the public sector with no tendering limits and no project value limits under the respective Workheads.



CORPORATE MILESTONES

| Date | Key milestones |
|--------------|--|
| 2003 | Digo Corporation Pte. Ltd. (" Digo Corporation ") was incorporated to undertake M&E engineering projects in Singapore. |
| 2007 | Digo Corporation undertook its first M&E engineering project as a main contractor for a Singapore statutory board. Kontourz Pte. Ltd. (" Kontourz ") was incorporated to undertake M&E engineering projects of a smaller scale in Singapore. |
| 2014 | Digo Corporation undertook its first major IBS project under the ME15 (Integrated Building Services) Workhead as a main contractor for a Singapore statutory body with a contract sum of approximately S\$4.9 million. |
| 2015 | Digo Corporation obtained the ME15 (Integrated Building Services) Workhead – Grade L6 registration, which enabled it to tender directly for IBS projects from government or statutory bodies with no tendering limit and no project value limit. |
| 2016 | Digo Corporation was awarded its first integrated facilities management (" IFM ") contract from an education institution covering the maintenance for both building facilities and M&E systems. |
| 2016 to 2019 | Digo Corporation was successfully awarded various zones of contracts for integrated maintenance services for M&E systems from the same statutory board in Singapore with an aggregate contract value of approximately S\$27.0 million. |
| 2017 | Digo Building Construction Pte. Ltd. (" Digo Building ") was incorporated to undertake A&A works. |
| 2019 | Digo Corporation contracted a project for A&A works as a subcontractor with a contract sum of approximately S\$38.6 million. |
| 2019 | Digo Corporation secured three (3) contracts arising from a single tender for integrated maintenance services for M&E systems from a Singapore ministry with an aggregate contract value of approximately S\$36.0 million. |
| 2020 | Digo Corporation obtained registration of the FM01 (Facilities Management) Workhead – Grade M3, which enabled it to tender directly for IFM projects, from government or statutory bodies, of up to S\$10.0 million. |
| 2020 | Digo Corporation secured three (3) contracts for M&E system upgrading in three (3) batches from a statutory board in Singapore with an aggregate contract value of approximately S\$15.8 million. |
| 2022 | Listed on the SGX Catalist on 28 January 2022. |
| 2022 | Digo Corporation and Terrenus Energy Pte Ltd (" Terrenus Energy ") were jointly awarded the sixth solar leasing tender with a solar capacity of 70 megawatt-peak (" MWp "), by the Housing & Development Board. |

OUR BUSINESSES

IBS

Our IBS contracts generally have a specified contract period ranging from one (1) to four (4) years, and in certain instances, up to six (6) years. During the contract period, our Group is required to perform a mixture of works in respect of different building systems at a specified building or at various premises. Our IBS contracts mainly encompass maintenance services (including scheduled maintenance and breakdown maintenance) on the building systems and ancillary A&A works.

For scheduled maintenance, our scope of work is generally to carry out maintenance at predetermined intervals or corresponding to prescribed criteria and intended to reduce the probability of failure or performance degradation of a system or item. This includes routine or scheduled servicing works, restoration of system, telephone and remote supports, consumables, inspection, adjustment, lubrication of the parts and equipment, fine tuning of systems, troubleshooting, updating of data, rectification, replacement and repair.

For breakdown maintenance, our scope of work generally includes urgent and ad-hoc repairs, including the replacement of spares and repairs of systems when such systems break down and restoring them to a satisfactory operating condition. It includes but is not limited to the provision of emergency maintenance and repairs, which if left unexecuted can cause injury to occupants or the loss of use of the systems or cause the systems to be made inoperative. To enable this, we have to ensure the provision and management of an efficient inventory system in which sufficient stock of essential spares, consumable items and materials for repair and replacement are kept.

For ancillary A&A works, our scope of work generally includes extension, alterations, conversion and upgrading of existing building systems as well as other minor repair and improvement works. Pursuant to our contracts, our ancillary A&A works are generally carried out upon our customers confirming the work orders.

For the majority of our projects, our services may cover more than one building system, such as:

- (a) **Electrical system.** This mainly includes lightning protection systems, generator, transformer, internal and external power supply and distribution systems, internal and external light fittings, urgent power supply systems and fire protection and alarm systems, switchboard, distribution board, lighting systems, lightning protection systems, urgent power supply systems, bus-ducts (bus-bar trunking system), standby generators, wall and ceiling fans.
- (b) **Mechanical system.** This mainly includes air-conditioning systems (such as air cooled split systems, high volume low speed (HVLS) fans, variable refrigerant volume (VRV)/variable refrigerant flow (VRF) systems, water cooled package systems and water/air cooled chiller systems), mechanical ventilation systems, plumbing and sanitary

systems, extraction systems, water tanks and pumping systems, automatic gates and doors systems, motorised roller blind system, and car park/staircase exhaust system.

- (c) **Domestic system.** This mainly includes central antenna television systems, solar heater, cooler, hot and cold-water disperser and town gas and liquefied petroleum gas system.
- (d) **Specialist system.** This mainly includes transportation systems (such as all types of lift), communication systems (such as public address (PA) system), security system (such as burglar alarms, card access system), programmable logic controller (PLC) system, building automated system (BAS), building management system (BMS), maintenance management system (MMS), fire hydrant pumping system, fire sprinkler system, smoke control system wet chemical suppression system, people counting system, sound reinforcement system, and fire protection installations for fire alarm systems.

M&E Engineering

Our M&E engineering services include the installation, replacement, and upgrading of the M&E systems, including switchboards, distribution boards, light fittings, lightning protection systems, air-conditioning and mechanical ventilation (ACMV) systems, pump systems and fire protection systems. These services are usually provided for a specific project with a lump sum contract price and not based on a fixed term.

A&A Works

The A&A works undertaken by us are for term contracts with a fixed contract period ranging from two (2) to four (4) years. The work scope may cover building works, civil works and M&E works, which are carried out according to work orders issued from time to time during the contract period.

Our building works generally include retrofitting existing spaces into buildings or facilities owned by the customer, renovation, improvement and upgrading of buildings and interior design works, the extension and construction of buildings and structures such as shelters and general repairs and redecoration works.

Our civil works generally include demolition, upgrading works of existing facilities, drainage, road and pavement improvement works within the customer's property, repairing roof leaks and water damage, excavation works and earthworks.

Our M&E works generally include installation, replacement or upgrading of M&E systems such as electrical system, ACMV system, fire protection system, communication system and security system.

JOINT MESSAGE FROM OUR EXECUTIVE CHAIRMAN AND CEO AND OUR EXECUTIVE DIRECTOR



Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”) of the Company, we present to you our Annual Report for the financial year ended 31 December 2021 (“**FY2021**”).

With our successful listing in January 2022, we achieved another key milestone in our strategic roadmap. Moving ahead, we aim to expand our capabilities to offer differentiated offerings to strengthen our business model and develop new revenue streams. Renewable energy is another upcoming growth driver. Our wholly-owned subsidiary, Digo Corporation, and Terrenus Energy, had in March 2022, been jointly awarded a 70MWp project to install solar panels across 1,198 HDB blocks and 57 government sites, as well as smart electrical sub-meters at these residential areas to monitor and analyse energy consumption patterns.

It has been a phenomenal year and the record performance in FY2021 was made possible by our continued focus on operational excellence and diligent cost management. Our Group achieved revenue growth of 36.8% with strong performance from the IBS and M&E business segments. With business operations normalising in FY2021 as the Singapore authorities embarked on a three-phased approach to resume activities safely after 1 June 2020, the Group’s IBS business segment contributed revenue of S\$35.77 million in FY2021, representing a growth of 21.5% as

compared to FY2020. In addition, revenue from the Group’s M&E business segment increased substantially by 189.5% to S\$12.57 million in FY2021 as there was significant work progress for four of the M&E projects in FY2021.

In appreciation of our shareholders’ continuous support, the Board has proposed a final dividend of 0.2712 Singapore cent per share to be approved by shareholders at the upcoming Annual General Meeting.

The Group’s success is possible only with our strong culture of teamwork. On behalf of the Company, we would like to extend our heartfelt thanks to our management and staff for their efforts in ensuring the success of the Group.

We would also like to extend our thanks to our clients, business associates, consultants and shareholders for their steadfast belief in the Group over the years. With your continued support, we will be able to reach greater heights.

Low Siang Yong

Executive Chairman and Chief Executive Officer

Tai Yoon On

Executive Director

BOARD OF DIRECTORS

LOW SIONG YONG

Executive Chairman and Chief Executive Officer (“CEO”)

Mr. Low Siong Yong is our Executive Chairman and CEO and was appointed to our Board on 8 November 2021. He is primarily responsible for the overall management and formulation of business strategies of our Group.

Mr. Low has over 25 years of experience in the building engineering and maintenance services industry in Singapore, specialising in providing IBS, M&E works and A&A works.

Mr. Low completed his secondary school education in Malaysia in 1991. In July 1995, Mr. Low obtained a module certificate in M3 industrial installation (National Technical Certificate Grade 3 in Electrical Installation and Servicing) from the Institute of Technical Education in Singapore. In October 1998, Mr. Low obtained a Skills Evaluation Certificate in Electrical Wiring Installation from the Construction Industry Development Board in Singapore, and he obtained a Building Construction Supervisors Safety Course Certificate from the Ministry of Manpower in 2004.

TAI YOON ON

Executive Director

Mr. Tai Yoon On is our Executive Director and was appointed to our Board on 8 November 2021. He is responsible for the management and supervision of our Group.

Mr. Tai has over 25 years of experience in the building engineering and maintenance services industry in Singapore, specialising in providing IBS, M&E works and A&A works.

Mr. Tai completed his secondary school education in Malaysia in 1994. In October 1998, Mr. Tai obtained a Skills Evaluation Certificate in Electrical Wiring Installation from the Construction Industry Development Board in Singapore.

ONG BENG CHYE

Non-Executive, Lead Independent Director

Mr. Ong Beng Chye is our Non-Executive Lead Independent Director, and was appointed to our Board on 30 December 2021.

Mr. Ong has more than 27 years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. He is currently the director of Appleton Global Private Limited (a business management and consultancy services firm) and the independent non-executive chairman of Hafary Holdings Limited and ES Group (Holdings) Ltd. He is also an independent director of other listed companies in Singapore, and shareholder and director of several private companies.

Mr. Ong is a fellow of The Institute of Chartered Accountants in England and Wales, a Chartered Financial Analyst conferred by The Institute of Chartered Financial Analyst and a non-practising Chartered Accountant (Singapore). He obtained a Bachelor of Science (Honours) from City, University of London in 1990.

BOARD OF DIRECTORS

CHAN JER HIANG

Non-Executive, Independent Director

Mr. Chan Jer Hiang is our Non-Executive Independent Director and was appointed to our Board on 30 December 2021.

Mr. Chan has been working in various law firms since 1985 and is currently the partner of a law firm, Chan Jer Hiang & Co, since 1989. Mr. Chan was employed as a legal assistant in the litigation department of Lim & Lim, Tang & Co, and Wong & Partners between 1985 to 1986, assisting with matters involving family, insolvency, personal injury, property damage and probate and succession planning. During his time as a salaried partner in Rayney Wong & Company from 1987 to June 1989, Mr. Chan handled conveyancing and corporate matters, on top of the type of matters he had previously assisted with as a legal assistant. Presently, in Chan Jer Hiang & Co, Mr. Chan acts as a legal advisor on the foregoing matters as well as building and construction issues.

Mr. Chan graduated from National University of Singapore in 1984 with a Bachelor of Laws (Honours) and has an existing practising certificate issued by the Supreme Court of Singapore. He currently has an active membership with the Law Society of Singapore and Singapore Academy of Law. In addition, Mr. Chan is currently appointed as a Commissioner for Oaths and Notary Public under the Singapore Academy of Law.

OWN SEAK CHIN @ WOON SEAK CHIN ("MARCUS WOON")

Non-Executive, Independent Director

Mr. Marcus Woon is our Non-Executive Independent Director and was appointed to our Board on 30 December 2021.

Mr. Woon commenced his career in December 1995 as a technical assistant at Chartered Semiconductor Manufacturing Ltd and led a team of manufacturing operators in meeting the production volume targets. Thereafter, between July 1999 and September 2009, Mr. Woon took on various roles involving auditing, accounting and/or managing financial matters of companies.

In October 2009, Mr. Woon took on the role of financial controller in Dynamic Colours Limited, a company listed on the Main Board of the SGX-ST, where he remained until September 2011.

Since October 2011, Mr. Woon has been the financial controller and director of Eaton Industries Pte. Ltd., responsible for managing the company's financial matters, annual statutory accounts, and compliances. Eaton Industries Pte. Ltd. is a wholly-owned subsidiary of a multi-national company in the United States of America and is in the business of manufacturing electrical machinery, apparatus, appliances and other supplies.

Mr. Woon obtained a Third Level Group Diploma in Accounting from London Chamber of Commerce & Industry in 1999. He became a member in 2003, and a fellow in 2008, of the Association of Chartered Certified Accountants (ACCA).

KEY MANAGEMENT TEAM

GAN WAN NI

Chief Financial Officer

Ms. Gan Wan Ni joined our Group as Chief Financial Officer in February 2021. She is responsible for our Group's finance and management reporting, accounting, and taxation matters, and oversees the operations of the finance team of our Group. Ms Gan has more than 10 years' experience in auditing, accounting and finance.

Ms. Gan obtained a Bachelor of Arts Degree (Accounting and Finance) from Sheffield Hallam University in the United Kingdom in 2011 and an Advanced Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in Malaysia in 2011. Ms. Gan has been a member of the Association of Chartered Certified Accountants since March 2015 and a fellow since March 2020, and a qualified Chartered Accountant of Singapore, since June 2016, of the Institute of Singapore Chartered Accountants.

LOW CHOO KHEE

Project Director

Mr. Low Choo Khee joined our Group as Project Director in April 2019. He is in charge of our Group's engineering department, leading a team of more than 200 staff. His scope of work includes performing cost planning, executing, managing and monitoring the capital and operation cash flows, and assisting with preparation of tender documents. Besides assisting with the talent acquisition department to ensure that the engineering staff undergo proper and continuous training and keep up-to-date with the current industrial requirements, Mr. Low also provides mentorship to potential staff talents.

From June 2002 to August 2008, Mr. Low was employed by the Republic of Singapore Air Force as an aircraft maintenance engineer. From October 2008, he took on the position as a material coordinator at aerospace firm ST Aviation Services Co Pte Ltd, where his scope of work included purchasing parts and raw materials, coordinating with relevant parties on such materials requested.

From September 2009, Mr. Low worked in SP Group, a utilities services provider, as a technical officer and subsequently as a senior engineer, and was responsible for, among others, managing properties and facilities in the grid network, utility building services, and maintenance thereof. He was also involved in preparing various tender documents, reviewing M&E services designs, and project management including collaborating with company stakeholders, tenants, consultants, contractors and government authorities on various projects.

Mr. Low graduated from Nanyang Polytechnic in 2000 with a Diploma in Mechatronics Engineering and graduated from Nanyang Technology University in Singapore in 2014 with a Bachelor of Engineering (Mechanical Engineering).

ZHANG LIANGLIANG

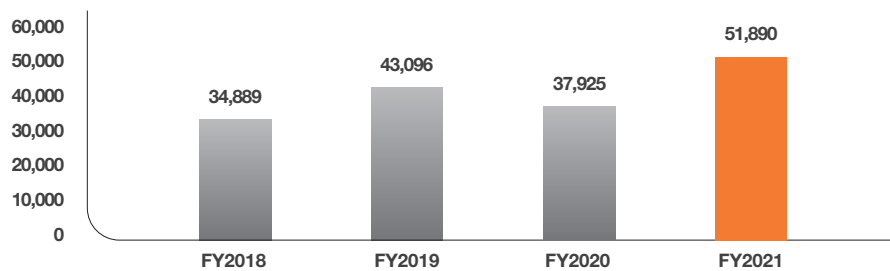
Contract Director

Mr. Zhang Liangliang joined our Group in June 2013 and is currently the Contract Director of our Group. He is responsible for our Group's tendering, contracts management and business development. Mr. Zhang has more than 10 years' experience in tendering and contracts management.

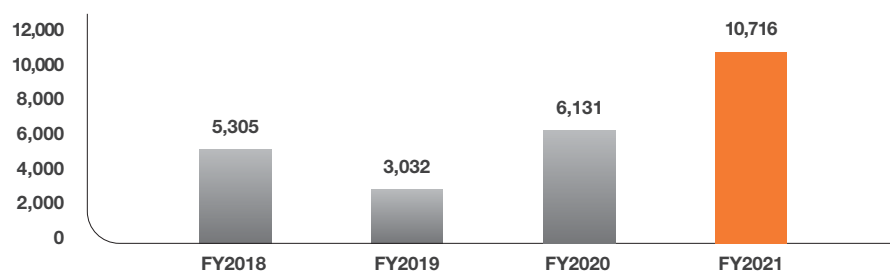
Mr. Zhang graduated with a Bachelor of Arts from the Xi'an University of Architecture & Technology in 2010. He obtained a Specialist Diploma in Building Cost Management from the BCA in 2015, and a Certificate in Contract Administration from the Singapore Institute of Surveyors and Valuers in 2016. In 2019, he obtained a Certificate in Electrical and Energy Management from the BCA.

FINANCIAL HIGHLIGHTS

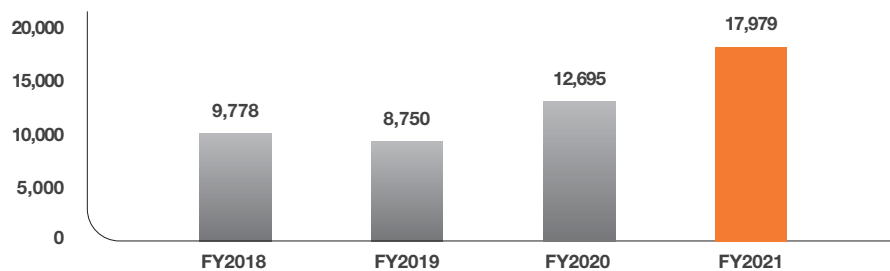
Revenue (S\$'000)



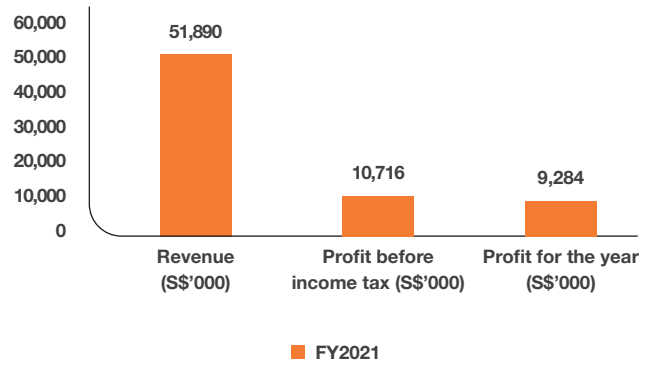
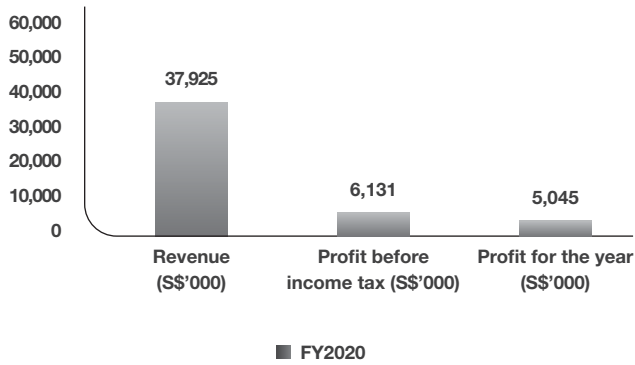
Profit Before Income Tax (S\$'000)



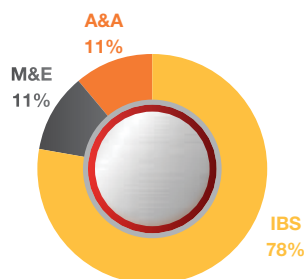
Shareholders' Equity (S\$'000)



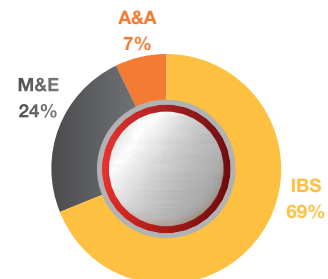
OPERATIONS & FINANCIAL REVIEW



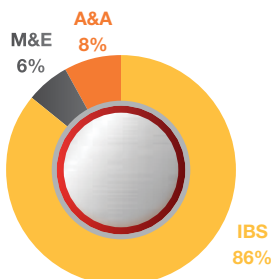
REVENUE BY SEGMENT
FY2020



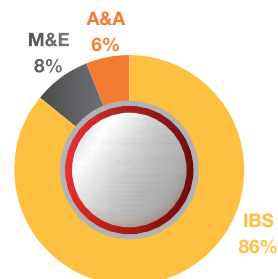
REVENUE BY SEGMENT
FY2021



SEGMENT RESULTS
FY2020



SEGMENT RESULTS
FY2021



OPERATIONS & FINANCIAL REVIEW



REVIEW OF INCOME STATEMENT

| | FY2021 | FY2020 | Change |
|--|----------------|----------------|---------------|
| | S\$'000 | S\$'000 | % |
| Revenue | 51,890 | 37,925 | 36.8 |
| Cost of sales | (39,018) | (27,019) | 44.4 |
| Gross profits | 12,872 | 10,906 | 18.0 |
| Other income | 3,390 | 397 | N.M. |
| Distribution costs | (47) | (82) | (42.7) |
| Administrative expenses | (5,029) | (3,863) | 30.2 |
| Loss allowance on financial assets and contract assets | (88) | (892) | (90.1) |
| Finance costs | (382) | (335) | 14.0 |
| Profit before income tax | 10,716 | 6,131 | 74.8 |
| Income tax expense | (1,432) | (1,086) | 31.9 |
| Profit for the financial year, representing total comprehensive income for the financial year, attributable to owners of the Company | 9,284 | 5,045 | 84.0 |

N.M. – not meaningful

Revenue

The increase in the Group's revenue by S\$14.0 million or 36.8% from S\$37.9 million in FY2020 to S\$51.9 million in FY2021 was mainly due to an increase in revenue for the M&E business segment as a result of significant work progress for four (4) of our M&E projects in FY2021. The increase was also due to an increase in revenue for the IBS business segment as our operations in the first half of 2020 were temporarily suspended during the "Circuit Breaker" period imposed by the Singapore Government from April to May 2020, which had resulted in a slowdown in the progress and revenue recognition of our IBS projects in first half of 2020.

Gross profits

The Group's gross profits increased by S\$2.0 million or 18.0% from S\$10.9 million in FY2020 to S\$12.9 million in FY2021. The increase was mainly due to significant work progress on our M&E and IBS projects in FY2021.

OPERATIONS & FINANCIAL REVIEW

Other income

The Group's other income increased by S\$3.0 million from S\$0.4 million in FY2020 to S\$3.4 million in FY2021. The increase was mainly due to gain on disposal of a property located at 32 Woodlands Industrial Park E1 ("**32 Woodlands Property**").

Distribution costs

The Group's distribution costs remained relatively unchanged between FY2020 and FY2021.

Administrative expenses

The Group's administrative expenses increased by S\$1.2 million or 30.2% from S\$3.9 million in FY2020 to S\$5.0 million in FY2021. The increase was mainly attributable to expenses incurred in connection with the Company's listing on the SGX-ST.

Loss allowance on financial assets and contract assets

The Group's loss allowance on financial assets and contract assets decreased by S\$0.8 million or 90.1% from S\$0.9 million in FY2020 to S\$0.1 million in FY2021 mainly due to more timely repayment by customers.

Finance costs

The Group's finance costs remained relatively unchanged between FY2020 and FY2021.

Profit for the financial year

As a result of the above, the Group recorded a profit for the financial year of S\$9.3 million in FY2021 as compared to a profit for the financial year of S\$5.0 million in FY2020.

REVIEW OF FINANCIAL POSITION

| | FY2021 | FY2020 | Change |
|-------------------------|---------|---------|--------|
| | S\$'000 | S\$'000 | % |
| Current assets | 24,702 | 23,425 | 5.5 |
| Non-current assets | 10,457 | 11,302 | (7.5) |
| Current liabilities | 12,750 | 14,864 | (14.2) |
| Non-current liabilities | 4,430 | 7,168 | (38.2) |
| Total equity | 17,979 | 12,695 | 41.6 |

The Group's current assets increased by S\$1.3 million or 5.5%, from S\$23.4 million as at 31 December 2020 to S\$24.7 million as at 31 December 2021, mainly due to an (i) increase in cash and cash equivalents; and (ii) increase in contract assets due to work performed for customers under the M&E and A&A segments during FY2021 which has not been billed as such completed works are pending receipt of architects' certification.



OPERATIONS & FINANCIAL REVIEW

The Group's non-current assets decreased by S\$0.8 million or 7.5%, from S\$11.3 million as at 31 December 2020 to S\$10.5 million as at 31 December 2021, mainly due to disposal of the 32 Woodlands Property and the warehouse at 61 Woodlands Industrial Park E9 ("**61 Woodlands Property**"), and the increase in depreciation charge on property, plant and equipment. The decrease was partially offset by capitalisation of construction costs of the Group's new office premises at 54 Senoko Road, Woodlands East Industrial Estate ("**54 Senoko Property**"), the construction of which was completed in October 2021.

The Group's current liabilities decreased by S\$2.1 million or 14.2%, from S\$14.9 million as at 31 December 2020 to S\$12.8 million as at 31 December 2021, mainly due to decrease in trade and other payables resulting from settlement of amount owing to creditors which was partially offset by increase in current bank borrowings and income tax payable.

The Group's non-current liabilities decreased by S\$2.8 million or 38.2%, from S\$7.2 million as at 31 December 2020 to S\$4.4 million as at 31 December 2021, mainly due to decrease in bank borrowings and lease liabilities. The decrease in bank borrowings and lease liabilities was mainly due to reclassification from non-current to current and redemption of the property loans following completion of the disposal of the 32 Woodlands Property and the 61 Woodlands Property.

The Group's net asset value attributable to owners of the Company increased from S\$12.7 million as at 31 December 2020 to S\$18.0 million as at 31 December 2021 mainly due to increase in accumulated profits.

REVIEW OF CASH FLOWS

| | FY2021 |
|--|----------------|
| | S\$'000 |
| Cash and cash equivalents at the beginning of the year | 1,603 |
| Net cash generated from operating activities | 4,655 |
| Net cash generated from investing activities | 3,471 |
| Net cash used in financing activities | (7,468) |
| Cash and cash equivalents at the end of the year | 2,261 |

The Group reported a net increase in cash and cash equivalents mainly due to net cash generated from operating activities and investing activities, partially offset by net cash used in financing activities.

The Group's net cash generated from operating activities in FY2021 was mainly due to operating profit and decrease in trade and other receivables, partially offset by payments made to trade and other payables and movement in contract assets and liabilities.

The Group's net cash generated from investing activities in FY2021 was mainly due to proceeds from the disposal of the 32 Woodlands Property and the 61 Woodlands Property, partially offset by acquisition of property, plant and equipment relating to the 54 Senoko Property.

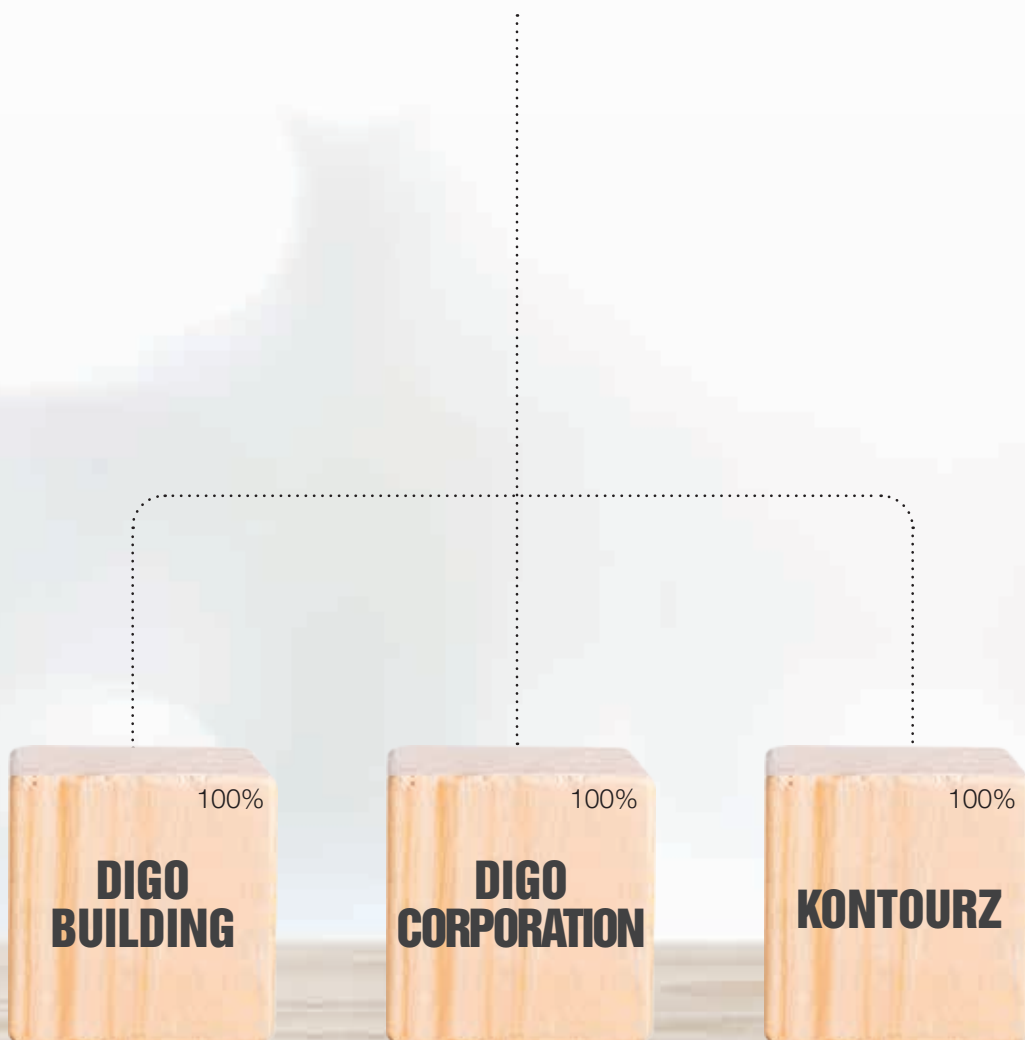
The Group's net cash used in financing activities was mainly due to repayment of bank borrowings and lease liabilities and payment of the interim dividend of S\$4.0 million.

As a result of the above, there was a net increase of S\$0.7 million in cash and cash equivalents from a net cash balance of S\$1.6 million as at 31 December 2020 to S\$2.3 million as at 31 December 2021.

GROUP STRUCTURE



ALPINA HOLDINGS LIMITED
(高峰控股有限公司⁽¹⁾)



⁽¹⁾ The Chinese name of our Company is not part of our registered name.

CORPORATE SOCIAL RESPONSIBILITY



We view corporate social responsibility as our responsibility and we recognise that we have an obligation towards our employees, investors, customers, suppliers and the community as a whole. We believe that our reputation, together with the trust and confidence of those whom we deal with, is one of our most valuable assets. We seek to maintain our reputation and such trust and confidence, and are committed to achieving long-term mutually sustainable relationships with our stakeholders.

Our Group is committed to implementing strategies to reduce our Group's carbon footprint by commencing the usage of electric motor vehicles and also the usage of LED lighting and smart lighting products mainly due to their energy efficiencies as compared to compact fluorescent lamps.

SUSTAINABILITY REPORTING

We firmly believe that our commitment to embrace the tenets of corporate sustainability as a driving force to creating value for our stakeholders at large. Our Group adopts the principles of sustainability throughout our value chain and continue to build sustainable practices in every possible aspect of our Group's business in achieving high levels of integrity and excellence in our activities.

Our sustainability report will share information on our Group's sustainability governance structure, stakeholder engagement as well as materiality processes and results. In addition, the sustainability report will demonstrate our commitment to improve our sustainability efforts through disclosing how we measure the performance, manage and monitor key sustainability risks and opportunities, as well as the goals set for the forthcoming year. We will publish our sustainability report for FY2021 by the end of December 2022.

CORPORATE GOVERNANCE REPORT

The board of directors (“**Board**” or “**Directors**”) of Alpina Holdings Limited (“**Company**” and together with its subsidiaries, “**Group**”) strongly support the principles of transparency, accountability and integrity as set out in the Code of Corporate Governance 2018 (the “**Code**”). Pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), this report (“**Report**”) describes the Company’s corporate governance policies and practices that were adopted and in place since the Company’s listing (“**Listing**”) on the Catalist Board of the SGX-ST on 28 January 2022, with specific reference to the principles and provisions of the Code and the accompanying practice guidance.

The Code aims to promote high levels of corporate governance by putting forth principles of good corporate governance and provisions with which companies are expected to comply. The practice guidance complements the Code by providing guidance on the application of the principles and provisions and setting out best practices for companies.

The Board confirms that the Company and the Group have complied with the principles as set out in the Code since the Listing and where there are deviations from the provisions of the Code, explanations for the deviation and how the Group’s practices are consistent with the intent of the relevant principle are provided in the sections below.

BOARD MATTERS

Principle 1: THE BOARD’S CONDUCT OF AFFAIRS

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

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

| Name | Designation |
|---|---|
| Mr. Low Siong Yong | Executive Chairman and Chief Executive Officer (“ CEO ”) |
| Mr. Tai Yoon On | Executive Director |
| Mr. Ong Beng Chye | Lead Independent Director |
| Mr. Own Seak Chin @ Woon Seak Chin (“ Mr. Marcus Woon ”) | Independent Director |
| Mr. Chan Jer Hiang | Independent Director |

Directors are fiduciaries who act objectively in the best interests of the Company

The Board oversees the Group’s overall policies, strategies, key operational initiatives, performance and measurement, internal controls and risk management to protect and enhance long-term shareholders’ value. Board members act in good faith and exercise independent judgement in the best interest of the Group. Directors discharge their duties and responsibilities at all times, in compliance with applicable laws and act objectively in the interest of the Company. The primary functions of the Board, apart from its statutory duties, include:

- Overseeing the overall management and business affairs of the Group;
- Formulating the Group’s strategies, focusing on value creation and innovation and considering sustainability issues;
- Ensuring that the necessary resources are in place for the Group to meet its strategic objectives;

CORPORATE GOVERNANCE REPORT

- Setting financial objectives and monitoring the Group's financial performance and management's performance;
- Reviewing and approving the Group's business plan, including annual budgets and major funding proposals;
- Overseeing the evaluation of the adequacy and effectiveness of financial reporting, internal controls and risk management framework;
- Setting the Group's approach to corporate governance, including the establishment of ethical values and standards;
- Monitoring the Company's risk of becoming subject to, or violating, any laws and ensuring that disclosures to the SGX-ST and other relevant authorities are made accurately and in a timely manner; and
- Balancing the demands of the business with those of the Company's stakeholders and ensuring obligations to material stakeholder groups (including shareholders of the Company ("**Shareholders**")) are met.

A Director is required to promptly disclose any actual, potential and perceived conflicts of interest and must recuse himself/herself from discussions and decisions involving the matter, unless his/her presence and participation is necessary to enhance the efficacy of such discussion. Nevertheless, he/she shall abstain from voting on resolutions in relation to the conflict-related matters. Such compliance will be recorded in the minutes of meeting or the Board resolutions.

Directors' duties, induction, training and development

All Directors are aware of their fiduciary duties and are committed to exercising due care and diligence in making their decisions and to objectively discharge their duties and responsibilities in the best interest of the Company. Aside from their statutory duties, the key roles of different classes of Directors are set out below:

- Executive Directors are members of the management who are involved in the day-to-day running of the Group's business operations. They work closely with the Independent Directors on the long-term sustainability and success of the Group. They provide insights and recommendations on the Group's operations at the Board and Board Committee meetings.
- Independent Directors do not participate in the Group's business operations and are deemed independent by the Board. They provide independent and objective advice and insights to the Board and the management. They constructively challenge the management on its decisions and contribute to the development of the Group's strategic goals and policies. They participate in the review of the management's performance in achieving the strategic goals as well as the appointment, assessment and remuneration of the Executive Directors and key management personnel.

The Executive Directors are appointed by way of service agreements or employment contracts while the Independent Directors are appointed by way of letters of appointment. The duties and responsibilities of Directors are clearly set out in these service agreements or employment contracts and letters of appointment.

New Directors would be briefed on the Group's industry, business, organisation structure, and strategic plans and objectives. The Company's constitution ("**Constitution**"), terms of reference of the Board Committees, together with the relevant policies and procedural guidelines would also be provided. Orientation for new Directors includes visits to the Group's key premises to familiarise themselves with the Group's operations. New Directors who have no prior experience as director of a listed company shall undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, and pursuant to Rule 406(3)(a) of the Catalyst Rules. Such training expenses will be borne by the Company.

CORPORATE GOVERNANCE REPORT

Save for Mr. Ong Beng Chye, none of our Directors has current and/or prior experience as director of public listed companies in Singapore. However, they have been briefed by the legal adviser to the Company pursuant to the Listing on the roles and responsibilities of a director of a public listed company in Singapore. In addition, Mr. Low Siong Yong and Mr. Tai Yoon On have attended the prescribed mandatory training as prescribed under the Catalist Rules and Mr. Chan Jer Hiang and Mr. Marcus Woon will attend the prescribed mandatory training within 12 months of the Listing.

When there are changes in laws and regulations, including the Companies Act 1967 of Singapore ("**Companies Act**"), the Catalist Rules and the Code which are relevant to the Group, the Directors will be updated at the Board Meetings and/or *via* email in a timely manner. The external auditors regularly update the Audit Committee ("**AC**") and the Board on the developments in the Singapore Financial Reporting Standards (International) which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the management. In addition, the management regularly updates and familiarises the Directors on the business activities of the Group during the Board and Board Committee meetings.

The Nominating Committee ("**NC**") evaluates the individual Directors' competencies and recommends to the Board on training and development programmes for each Director. The Directors are also encouraged to attend relevant seminar and training programmes to enhance their skills and knowledge. The expenses of such training programmes relevant to the Group and to the better performance of the Directors will be borne by the Company.

Matters requiring Board's approval

Although the day-to-day management of the Company is delegated to the Executive Directors, there are matters which are required to be decided by the Board as a whole.

The Group has in place an internal guide on matters that require the Board's approval and these matters include:

- Changes to the Group's capital structure and corporate structure;
- Material investments, acquisitions and disposals of assets;
- Material operating and capital expenditure;
- Interested person transactions;
- Significant policies, strategic plans and monitor the performance of the Group;
- Recommendation/declaration of dividend;
- Annual budgets, financial statements (interim and full year), annual reports, circulars to Shareholders and SGXNet announcements; and
- Appointment or removal of Directors, company secretary and key management personnel of the Company.

Certain important matters could be subject to the recommendation by the respective Board Committees. Matters which the Board considers suitable for delegation to a Board Committee are contained in the terms of reference of the respective Board Committees.

CORPORATE GOVERNANCE REPORT

All Directors are required to declare their board representations. When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments. Given their full attendance at all the Board and Board Committee meetings, the Board is satisfied that the Directors are able to devote sufficient time and attention to the affairs of the Group.

Complete, adequate and timely information to make informed decisions

The management recognises that relevant, complete and accurate information needs to be provided to the Directors prior to meetings and on an on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities effectively and efficiently.

The management provides the Board with half-yearly financial information and relevant background information and materials relating to the matters that will be discussed at the Board and Board Committee meetings. This enables the Directors to better understand the subject matters before the meetings, allowing for more time at such meetings for questions that Directors may have. Any additional materials or information requested by the Directors are promptly furnished. If necessary, key management personnel who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentation and address the concerns of the Directors.

In respect of the annual budget of the Group, material variance between budgeted results and actual results would be disclosed and explained by the management at the AC and/or Board meetings.

The management will also inform the Board of all significant events as and when they occur and circulate Board papers and/or salient information on material transactions to facilitate a robust discussion before the transactions are entered into.

Separate independent access to management, company secretary and external advisers; Appointment and removal of the company secretary

The Board has separate and independent access to the management, the Company Secretary, and external professionals, including legal counsels and auditors. Any materials or information requested by the Directors to make informed decisions were promptly furnished.

The role of the Company Secretary is clearly defined and includes:

- Attending Board and Board Committee meetings and ensuring that meeting procedures are adhere to;
- Together with the management, ensuring that the Company complies with all relevant requirements of the Companies Act and the Catalist Rules;
- Advising the Board on all corporate governance matters; and
- Assisting the Executive Chairman in ensuring adequate and flow of information in a timely manner within the Board and Board Committees and between the management and the Board.

The Company will seek appropriate advice or opinion from qualified professional or expert, if deemed necessary by the Board. The Directors are entitled to seek independent professional advice at the expense of the Company.

The appointment and removal of the Company Secretary is a subject to the approval of the Board as a whole.

CORPORATE GOVERNANCE REPORT

Principle 2: BOARD COMPOSITION AND GUIDANCE

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

Board Independence

The role of the Independent Directors is particularly important in ensuring that the strategies proposed by management are constructively challenged, thoroughly considered and examined, and take into account the long-term interests of the Group's stakeholders, which includes Shareholders, employees, customers and suppliers. As our Executive Chairman is not independent, Independent Directors make up the majority of the Board, the composition of which is in compliance with the Code. The independent element enables the Board to exercise objective independent judgement on corporate affairs and provide the management with diverse and objective perspectives on issues. The NC is of the view that no individual or small groups of individuals dominate the Board's decision-making processes. All matters put forth to the Board for decision would require majority of the Directors to approve.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required annually to complete a checklist to confirm his independence. The checklist is drawn up based on the guidelines provided in the Code and the Catalist Rules. The NC refers to definition of "independence" of a director within the Code and the Catalist Rules in its review.

An Independent Director shall immediately disclose to the NC and/or Company Secretary any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company.

The Group had in the past, from time to time, engaged Chan Jer Hiang & Co (which Mr. Chan Jer Hiang is a partner of) to provide legal services to the Group. The Executive Chairman and CEO, Mr. Low Siong Yong, and the Executive Director, Mr. Tai Yoon On, had also from time to time, in their personal capacity, engaged Chan Jer Hiang & Co for legal services. Mr. Chan Jer Hiang was the engagement partner involved in the provision of professional services by Chan Jer Hiang & Co to the Group and the Executive Directors.

Notwithstanding the above, having reviewed and considered the credentials and independence of Mr. Chan Jer Hiang, the NC and the Board (other than Mr. Chan Jer Hiang) have determined that Mr. Chan Jer Hiang be considered independent for the following reasons:

- (a) the aggregate fees paid by our Group and our Executive Directors to Mr. Chan Jer Hiang on behalf of Chan Jer Hiang & Co for such professional services in each of the financial year ended 31 December ("FY") 2020 and 2021 was less than S\$10,000. Such fees charged by Chan Jer Hiang & Co to the Group were on an arm's length basis and were based on normal commercial terms; and
- (b) Mr. Chan Jer Hiang has confirmed that neither he nor his immediate family has been employed by the Company or its related corporations in the current or any of the last three (3) financial years. The Group has ceased to engage the legal services of Chan Jer Hiang & Co and Mr. Chan Jer Hiang since the Listing.

The NC and the Board have reviewed and ascertained that all Independent Directors are independent in accordance to the Code and its Practice Guidance and the Catalist Rules and noted that save as disclosed above, none of the Independent Directors has any relationship with the Company, its related corporations, substantial Shareholders or officers, which could interfere or be perceived to interfere with their independent judgement.

As at the date of this Report, no Independent Director has served on the Board for more than nine (9) years.

CORPORATE GOVERNANCE REPORT

Board Diversity

The Company recognises and embraces Board diversity as an essential element in supporting the achievement of business objectives and sustainable development in the ever-changing business environment.

The Company has a formal Board diversity policy in place that set out the approach to achieve diversity and provides the Company with the flexibility to select from a wide and diverse talent pool when shortlisting candidates for Board appointment. The NC will continue to review the Board diversity policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. Any updates or progress made towards implementing the Board diversity policy will be disclosed in the Company's Corporate Governance Report, as appropriate.

In reviewing the composition of the Board, the NC considers the benefits of Board diversity from several aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

However, diversity is not merely limited to gender or any other personal attributes. The benefits of Board diversity could only be harnessed if Directors adopt an independent mindset when carrying out their responsibilities. To gather and leverage on diverse perspectives, the Executive Chairman cultivates an inclusive environment where all Directors are encouraged to speak up and participate in decision-making.

The ultimate decision for new Board appointments will be based on merit and contribution that the selected candidates are expected to bring to the Board.

The Board has examined its size and composition and is of the view that it is appropriate for effective decision-making, considering the nature and scope of the Group's operations. No individual or small group of individuals dominate the Board's decision-making. The Board and Board Committees have an appropriate balance and mix of skills, knowledge and experience in the Group's core businesses and the areas of accounting and finance, legal and regulatory compliance, business management and risk management. The NC will continue to assess on an annual basis the skill set of the Board to ensure that the skills of the Directors remain relevant to the business of the Group. Profiles of the Directors are set out in the section entitled "Board of Directors" of this annual report.

Independent Directors meet regularly without the presence of the management

To facilitate a more effective check on the management, the Independent Directors shall meet at least once a year with the internal and external auditors without the presence of the management. The Independent Directors also communicate with each other from time to time without the presence of the management to discuss the performance of the management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board or the Executive Chairman and CEO, as appropriate.

Since the date of the Listing and up to the date of this Report, the Independent Directors had met once in the absence of the management.

CORPORATE GOVERNANCE REPORT

Principle 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Responsibilities of Chairman and CEO

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

The Executive Chairman and CEO of the Company is Mr. Low Siong Yong. Mr. Low Siong Yong takes an active role in the management of the Group and also bears responsibility for the effectiveness of the Board. He ensures that Board meetings are held regularly, sets the Board meeting agenda in consultation with all Board members and ensures that information are disseminated to the Board members adequately and in a timely manner. Mr. Low Siong Yong also ensures that the culture in the boardroom promotes open interaction and contributions by all Board members.

The Board, after careful consideration, is of the opinion that it is not necessary, under current circumstances, to separate the roles of the Executive Chairman and CEO. This is after taking into consideration the size, scope and nature of the operations of our Group and that majority of the Board Members are independent and the AC, NC and RC are chaired by Independent Directors. The strong independent element on the Board ensures that decisions are made collectively and that there is no concentration of power and authority vested in one individual.

Lead Independent Director

As the Executive Chairman is part of the management and therefore not independent, Mr. Ong Beng Chye has been appointed as the Lead Independent Director, as recommended by the Code. The responsibilities of the Lead Independent Director include:

- acting as the principal liaison to address Shareholders' concerns for which contact through the normal channels of communication with the executive director(s) or key management personnel are inappropriate or failed to resolve the concerns in question;
- chairing Board meetings on behalf of or in the absence of the Executive Chairman;
- working with the Executive Chairman in leading the Board; and
- providing a channel to Independent Directors for confidential discussions on any concerns they may have and to resolve conflicts of interest, as and when necessary.

No query or request on any matters which requires the attention of the Lead Independent Director was received since the date of the Listing and up to the date of this Report.

CORPORATE GOVERNANCE REPORT

Principle 4: BOARD MEMBERSHIP

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

Composition of NC and Terms of Reference of NC

As at the date of this Report, all members of the NC, including its Chairman, are independent. The Lead Independent Director is also the Chairman of the NC.

The written terms of reference of the NC have been approved and adopted, and they include the following:

- (a) establishing a formal and transparent process for the appointment and re-appointment of Directors to the Board, taking into account the need for progressive renewal of the Board, and assessing annually the effectiveness of the Board as a whole, and that of each of the Board committees and individual Directors;
- (b) making recommendations to the Board on relevant matters relating to:
 - (i) the review of succession plans for Directors and executive officers;
 - (ii) the development of a process for evaluation of the performance of the Board, Board Committees and Directors;
 - (iii) the review of training and professional development programmes for the Board; and
 - (iv) the appointment and re-appointment of Directors;
- (c) reviewing and approving any new employment of persons related to the Directors, CEO or substantial Shareholders and the proposed terms of their employment;
- (d) determining the composition of the Board, taking into account the future requirements of the Company, the need for diversity in regard to the Board composition and other considerations such as those set out in the Code;
- (e) recommending to the Board on board appointments, including re-nominations of existing Directors for re-election in accordance with our Constitution, taking into account the Director's contribution and performance;
- (f) determining on an annual basis whether or not a Director is independent, taking into account the circumstances set forth in the Code and any other salient factors;
- (g) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- (h) deciding how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term Shareholders' value;

CORPORATE GOVERNANCE REPORT

- (i) ensuring that the Directors submit themselves for re-nomination and re-election at least once every three (3) years;
- (j) ensuring that the Board and Board committees comprise Directors who, as a group, provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate; and
- (k) undertaking a formal annual assessment of the Board's effectiveness as a whole and that of each of the Board Committees and individual Directors and recommend for our Board's approval the objective performance criteria and process for the evaluation of the effectiveness of our Board as a whole, and of each of the Board Committee separately, as well as the contribution of each individual Director to the Board.

Process for the selection, appointment and re-appointment of Directors

The Company does not have a formal criterion of selection for the appointment of new Directors to the Board. When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate expertise and experience for the position. In its search and nomination process for new Directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates. The NC ensures that the newly appointed Director is aware of his/her duties and obligations.

Board appointments are made by the Board after the NC has, upon reviewing the resume of the proposed Director and conducting appropriate interviews, recommended the appointment to the Board. The NC is also in charge of re-nominating the Directors, having regard to their contribution and performance. Pursuant to the Constitution, one-third of the Directors shall retire from office at the AGM every year, provided that all Directors shall retire from office at least once every three (3) years. Newly appointed Directors by the Board are required to retire at the next AGM following his/her appointment. Retiring Directors are eligible to offer themselves for re-election. Each member of the NC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as a Director.

Pursuant to Rule 720(4) of the Catalyst Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to Regulations 100 and 101 of the Constitution, at each AGM, at least one-third of the Directors for the time being, or if their number is not three or a multiple of three (3), the number nearest to one-third but not less than one-third shall retire by rotation and that all Directors shall retire at least once every three (3) years and such retiring Director shall be eligible for re-election.

The NC has recommended, and the Board has approved to table for Shareholders' approval, the re-election of Mr. Low Siong Yong, Mr. Ong Beng Chye, Mr. Marcus Woon and Mr. Chan Jer Hiang, who will be retiring at the forthcoming AGM, as Directors. In making such recommendation, the NC has considered the respective Director's overall performance and contributions and each of Mr. Low Siong Yong, Mr. Ong Beng Chye, Mr. Marcus Woon and Mr. Chan Jer Hiang have abstained from voting on any resolution related to their re-election.

The details of the Directors who will retire by rotation at the forthcoming AGM to be held on 27 June 2022 are disclosed in the section entitled "Additional Information on Directors Seeking Re-election" of this annual report.

CORPORATE GOVERNANCE REPORT

Multiple listed company directorships and other principal commitments

The NC ensures that the new Directors are aware of their duties and obligations. For re-nomination and re-appointment of Directors, the NC takes into consideration the competing time commitments faced by Directors and their ability to devote sufficient time and attention to the Group. Each Director is required to declare changes in his/her listed company directorships or other principal commitments during the year to enable the on-going monitoring of the commitment of the Directors to the Company. Aside from taking into account of the number of listed company directorships and other principal commitments of the Directors, the NC also considers the results of the annual evaluation of each Director's effectiveness and the respective Director's conduct at the Board and Board Committees meetings to determine whether the Director is able to discharge his duties diligently.

The NC and the Board is of the view that there is no necessity to determine the maximum number of listed company board representations which a Director may hold as the Board is of the view that having multiple directorships and principal commitments does not necessarily prevent the Directors from discharging their duties as a Director effectively.

The NC and the Board were of the view that each Director has discharged his duties diligently since the date of the Listing and up to the date of this Report.

As at the date of this Report, the listed company directorships and principal commitments of each Director (aside from the Company and the Group) are set out below:

| Name of Director | Position | Present directorship in other listed companies | Present principal commitments |
|------------------|----------------------------|---|---|
| Low Siong Yong | Executive Chairman and CEO | Nil | Nil |
| Tai Yoon On | Executive Director | Nil | Nil |
| Ong Beng Chye | Lead Independent Director | <ul style="list-style-type: none"> • CapAllianz Holdings Limited • ES Group (Holdings) Limited • Geo Energy Resources Limited • Hafary Holdings Limited • IPS Securex Holdings Limited | <ul style="list-style-type: none"> • Appleton Global Private Limited |
| Marcus Woon | Independent Director | Nil | <ul style="list-style-type: none"> • Eaton Industries Pte. Ltd. |
| Chan Jer Hiang | Independent Director | Nil | <ul style="list-style-type: none"> • Chan Jer Hiang & Co |

Alternate directors would only be appointed in exceptional circumstances. Since the date of the Listing and up to the date of this Report, no alternate director is appointed on the Board.

CORPORATE GOVERNANCE REPORT

Principle 5: BOARD PERFORMANCE

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

Assessment of effectiveness of the Board, each Board Committee and the contribution by the Chairman and each Director

The NC assesses the effectiveness of the Board and Board Committees and the contribution by each Director annually using evaluation checklists. Directors' responses in the evaluation checklists are consolidated by the Company Secretary and summarised into a report that is reviewed by the NC and tabled to the Board. The Executive Chairman will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought.

In assessing the Board's and Board Committees' effectiveness, the NC considers factors such as:

- Board's and Board Committees' composition, including balance of skills;
- Board's and Board Committees' practices and conduct, including flow of information, communication with the Shareholders and management and how the Executive Chairman and Board Committees' chairpersons provide effective leadership to the Board and Board Committees respectively;
- Board's contribution to formulation of strategies and in ensuring effective risk management; and
- Board Committees' contribution in facilitating effective and efficient decision-making by the Board.

In assessing the contribution by each Director, the NC considers factors such as:

- Commitment demonstrated by each Director, including attendance at Board and Board Committees meetings and how well each director prepares for meetings;
- Willingness and ability to constructively challenge and contribute effectively in discussions;
- Technical and business knowledge; and
- Interaction with fellow Directors and management.

Where appropriate, the NC will review and make changes to the evaluation checklists to align with prevailing regulations and requirements.

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

Based on the NC's review for the period from the date of the Listing and up to the date of this Report, the Board has been effective as a whole and each Director has contributed to the effective functioning of the Board and Board Committees.

Although no external independent facilitator had been engaged for performance assessment, the NC has full authority to do so, if the need arises.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Principle 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Composition of RC and Terms of Reference of RC

The RC makes recommendations to the Board on the framework of remuneration and the specific remuneration packages for each Director.

As at the date of this Report, all members of the RC, including its Chairman, are independent.

The written terms of reference of the RC have been approved and adopted, and they include the following:

- (a) ensuring the remuneration policies and systems of the Group, as approved by the Board, support the Group's objectives and strategies, and are consistently administered and being adhered to within the Group;
- (b) in the case of service agreements, reviewing the obligations arising in the event of termination of the Executive Directors' service agreements or key management personnel's service contracts, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous;
- (c) proposing, for adoption by the Board, measurable, appropriate and meaningful performance criteria to assist in the evaluation of the performance of the executive officers, the Directors and of the Board as a whole;
- (d) considering all aspects of remuneration (including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments) and termination terms, to ensure they are fair and that the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account the strategic objectives;
- (e) reviewing the terms of performance-related remuneration scheme or incentive schemes (if any) and determining the eligibility criteria of the employees who can participate in such scheme; and
- (f) conducting an annual review of the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors and/or substantial Shareholders.

RC to consider and ensure all aspects of remuneration are fair

The RC considers all aspects of remuneration (including Director's fees, salaries, allowances, bonuses, share-based compensation, benefits in kind and termination terms) in the review of remuneration packages for each Director and key management personnel.

CORPORATE GOVERNANCE REPORT

The Independent Directors do not have service agreements with the Company and receive Directors' fees in accordance with their contributions and considering of factors such as effort and time spent and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board for approval by Shareholders at the AGM. Each member of the RC shall abstain from voting on any resolutions in respect of his or her remuneration package and any matter being reviewed or considered by the RC in which he has an interest in.

The Executive Directors have each entered into a service agreement with the Company ("**Service Agreements**"), under which the terms of their employment are stipulated, including a monthly base salary, annual wage supplement and benefits commensurate with the position. The Executive Directors also participate in a profit-sharing scheme that is pegged to the Group's profitability. The Executive Directors do not receive Directors' fees and there are no post retirement and severance benefits except the common practice of giving notice or salary in lieu of notice in the event of termination. Each of the Service Agreement is valid for three (3) years from the date of the Listing ("**Initial Term**") and subject to renewal at the end of the Initial Term on such terms as may be agreed between the Company and the Executive Directors, and (if necessary) approved by the Board, the NC, the RC and/or the Shareholders, unless otherwise agreed in writing between the Company and the Executive Directors or terminated in accordance with the Service Agreement. Please refer to the section entitled "Directors, Executive Officers and Employees – Service Agreements" of the Company's offer document dated 21 January 2022 ("**Offer Document**") for further details on the Service Agreements.

Expert advice on remuneration

The RC has the right to seek professional advice relating to the remuneration of all Directors and key management personnel. The RC would ensure that any relationship between the appointed remuneration consultant and any of the Directors and key management personnel will not affect the independence and objectivity of the remuneration consultant. The expenses of such advice shall be borne by the Company.

The Board did not engage any external remuneration consultant to advise on remuneration matters since the date of the Listing and up to the date of this Report.

Principle 7: LEVEL AND MIX OF REMUNERATION

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

Performance-related remuneration for Executive Directors and key management personnel

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

Remuneration of Executive Directors and key management personnel comprise fixed components, including salaries and bonuses, and a variable component. Discretionary bonuses (if any) are determined based on individual performance, the Group's performance for each financial year against key performance indicators on revenue and profit targets, as well as other factors such as market conditions. Their remuneration is linked to their roles and responsibilities and aligned with Shareholders' interests to promote long-term success of the Group. The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the directors and the key management personnel of the required experience and expertise.

CORPORATE GOVERNANCE REPORT

Having reviewed the variable component in the remuneration packages of the Executive Directors and key management personnel, the RC is of the view that it is not necessary to institute contractual provisions to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events.

The Company does not offer any share scheme. The RC may consider other forms of long-term incentive schemes for the management when necessary.

Remuneration of Non-Executive Directors

The Non-Executive Directors are paid Directors' fees half yearly in arrears and such Directors' fees, being an agreed amount, are subject to Shareholders' approval at the AGM. The proposed Directors' fees are determined in accordance with their contribution, effort, time spent and responsibilities. The Non-Executive Directors are not be overly remunerated to the extent that their independence may be compromised. Executive Directors are not paid Directors' fees.

Principle 8: DISCLOSURE ON REMUNERATION

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

Remuneration disclosures of Directors and key management personnel

A separate annual remuneration report is not prepared as the matters which need to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Report and in the financial statements of the Company.

A breakdown showing the band and mix of each Executive Director's remuneration for FY2021 is as follows:

| Remuneration band | Salary (%) | Allowance and CPF (%) | Variable or performance-related bonus (%) | Director's fees (%) | Total (%) |
|---------------------------------|------------|-----------------------|---|---------------------|-----------|
| S\$250,000 to S\$499,999 | | | | | |
| Low Siong Yong | 89 | 11 | – | – | 100 |
| Tai Yoon On | 91 | 9 | – | – | 100 |

In view of sensitive nature of remuneration matters and competitive pressures in the talent market, the Board is of the view that it is in the best interest of the Company to disclose the remuneration of its Executive Directors in salary bands of no wider than S\$250,000.

Independent Directors are paid only Directors' fees, subject to approval by Shareholders at the AGM. The fees paid to Independent Directors comprise a basic fee, a fee for chairing a Board Committee and a fee for being a member of the Board Committee.

CORPORATE GOVERNANCE REPORT

As the Independent Directors were only appointed onto the Board on 30 December 2021, no Directors' fee was payable or paid to the Independent Directors for FY2021. The RC has recommended that the Independent Directors be paid Directors' fees of S\$135,000 in aggregate for FY2022, which are to be paid half yearly in arrears and will be tabled at the forthcoming AGM for approval by Shareholders:

| Name of Independent Director | Directors' fees |
|------------------------------|-----------------|
| Ong Beng Chye | S\$45,000 |
| Marcus Woon | S\$45,000 |
| Chan Jer Hiang | S\$45,000 |

The Company has only three (3) key management personnel (who are not Directors) for FY2021. A breakdown showing the remuneration band and mix of each of the key management personnel's remuneration for FY2021 is as follows:

| Remuneration band ⁽¹⁾ | Salary (%) | Allowance and CPF (%) | Variable or performance-related bonus (%) | Other benefits (%) | Total (%) |
|----------------------------------|------------|-----------------------|---|--------------------|-----------|
| Below S\$250,000 | | | | | |
| Gan Wan Ni | 78 | 14 | 8 | – | 100 |
| Low Choo Khee | 75 | 19 | 6 | – | 100 |
| Zhang Liangliang | 83 | 10 | 7 | – | 100 |

Note:

(1) Given the size of the Group's operations, the executive officers are the only key management personnel of the Group, excluding the Executive Directors.

The total remuneration paid to key management personnel of the Group (who are not Directors or the CEO of the Company) in FY2021 amounted to S\$333,124.

The above remuneration to Executive Directors and key management personnel for FY2021 has been approved by the Board.

During FY2021, there was no termination and post-employment benefits granted to the Directors, the CEO and the key management personnel.

The Company does not have any employee share scheme.

CORPORATE GOVERNANCE REPORT

Remuneration of related employees

| Name of Employee | Designation | Relationship | Salary (%) | Allowance and CPF (%) | Variable or performance-related bonus (%) | Other benefits (%) | Total (%) |
|---------------------------------|--|------------------------------|------------|-----------------------|---|--------------------|-----------|
| S\$500,000 to S\$599,999 | | | | | | | |
| Pow Pei San (Bao Peishan) | Fire Safety Director of Digo Corporation Pte. Ltd. ("Digo Corporation") Director of Kontourz Pte. Ltd. ("Kontourz") and Digo Building Construction Pte. Ltd. ("Digo Building") | Spouse of Mr. Low Siong Yong | 81 | 19 | – | – | 100 |
| Cheng Chew Hun | Admin Director of Digo Corporation Director of Kontourz and Digo Building | Spouse of Mr. Tai Yoon On | 81 | 19 | – | – | 100 |
| S\$100,000 to S\$199,999 | | | | | | | |
| Tai Voon Sing | Senior Project Manager of Digo Corporation and Kontourz | Sibling of Mr. Tai Yoon On | 80 | 15 | 5 | – | 100 |
| Tai Yung Wei | Senior Project Manager of Digo Corporation and Kontourz | Sibling of Mr. Tai Yoon On | 80 | 14 | 6 | – | 100 |
| Thai Youn Fatt | Senior Project Manager of Digo Corporation, Kontourz and Digo Building | Sibling of Mr. Tai Yoon On | 69 | 31 | – | – | 100 |

Save as disclosed above, there is no other employee who is a substantial Shareholder of the Company or an immediate family member of a Director, the CEO or a substantial Shareholder of the Company and whose annual remuneration exceeded S\$100,000 in FY2021.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Principle 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

Board determines the nature and extent of significant risks

One of the Board's principal duties is to protect and enhance the long-term value and returns to Shareholders. The accountability of the Board to the Shareholders is demonstrated through the presentation of the periodic financial statements as well as the announcement of significant corporate developments and activities in a timely manner so that the Shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The management presents to the AC the half-yearly and full-year results for their review and recommendation to the Board for approval. The Board approves the results and authorises the release of the results *via* SGXNet.

Risk Management

Risk analysis and management is undertaken within the Group as a source of sustainable business benefit and competitive advantage. The Board had assessed and decided not to establish a separate Board Risk Committee to carry out its responsibility of helping the Board in the overseeing of the Group's risk management framework and policies. Instead, this responsibility is assumed by the AC. The AC assists the Board in providing oversight of risk management in the Company. The AC is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls, including financial, operational, compliance and information technology controls and report to the Board its observations on the matters as it considers necessary and makes recommendations to the Board.

The Company has in place an enterprise risk management framework which includes a set of processes to ensure that the Group is aware of, and attends to, current and emerging risks. The management is expected to constantly review the business operations and environment to identify significant risks and ensure that mitigating measures, including preventive, detective and corrective controls, are promptly implemented to address these risks. These significant risks and mitigating measures taken, together with the risk owners and action plans to address any gaps, are documented in a risk register.

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

The internal auditors, Baker Tilly Consultancy (Singapore) Pte. Ltd., has carried out an internal audit according to standards set out by the Institute of Internal Auditors on the system of internal controls and reported the findings to the AC. The external auditors, Mazars LLP, has also, in the course of their statutory audit, gained an understanding of the key internal accounting controls assessed to be relevant to the statutory audit. In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audit processes.

CORPORATE GOVERNANCE REPORT

Assurance from CEO and CFO

Internal Controls

The Board recognises the importance of maintaining a sound system of internal controls to safeguard Shareholders' interest and investments and the Group's assets. The Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. As such, the Company's risk management and internal controls systems are regularly evaluated and improved to ensure its relevance to the Company's operations.

The Board received assurance from the CEO and the chief financial officer ("CFO") that:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- the Group's risk management and internal control systems are adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the management, various Board Committees and the Board, and the written assurance from the CEO and the CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing key financial, operational, compliance and information technology controls, and risk management systems were adequate and effective as at 31 December 2021. The Group will review its internal control systems and processes on an on-going basis and make further improvements when necessary.

Principle 10: AUDIT COMMITTEE

The Board has an AC which discharges its duties objectively.

Composition of AC and Terms of Reference of AC

As at the date of this Report, all members of the AC, including the Chairman, are independent. The Board considers Mr. Marcus Woon, a fellow member with the Association of Chartered Certified Accountants and who has extensive and practical financial knowledge and experience, well-qualified to chair the AC. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the duties and responsibilities of the AC. No former partner or director of the external auditors and the internal auditors is a member of the AC.

The AC's responsibilities, as set out in its terms of reference, include the following

- (a) assist the Board in the discharge of its responsibilities on financial reporting matters;
- (b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits compiled by the internal and external auditors, and will review at regular intervals with the management the implementation by the Group of the internal control recommendations made by the internal and external auditors;

CORPORATE GOVERNANCE REPORT

- (c) review the half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements, concerns and issues arising from the audits, including any matters which the auditors may wish to discuss in the absence of our management, where necessary;
- (d) review the independence and objectivity of the internal and external auditors as well as consider the appointment or re-appointment of the internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors and ensuring the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by internationally recognised professional bodies, where applicable;
- (e) commission and review the findings of internal investigation into, and discuss with the internal and external auditors, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and our management's response;
- (f) review significant financial reporting issues and judgments with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before their submission to the Board;
- (g) review and report to the Board, at least annually, the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems and discuss issues and concerns, if any, arising from the internal audits;
- (h) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;
- (i) review any potential conflicts of interest and set out a framework to resolve or mitigate any potential conflicts of interest;
- (j) review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders and propose, where appropriate, the relevant measures for the management of such conflicts;
- (k) review and approve all hedging policies and instruments (if any) to be implemented by the Group (if any) and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- (l) review our cash management processes;
- (m) monitor the implementation of a policy and procedures for sustainability reporting;
- (n) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

CORPORATE GOVERNANCE REPORT

- (o) review our policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and ensure that the Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- (p) generally undertake such other functions and duties as may be required by statute or the Catalist Rules or as recommended by the Code, and by such amendments made thereto from time to time;
- (q) review the procedures and policies put in place to ensure compliance with various laws and regulations, including all laws and regulations under the Companies Act at least annually, to ensure that such procedures and policies are commensurate with the Group's operations and expansion plans from time to time and with a view to ensuring that adequate rectification measures are taken for past breaches as well as new initiatives implemented to mitigate and reduce the risks of future breaches;
- (r) review the Group's key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced *via* SGXNet;
- (s) review the risk profile of the Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
- (t) meet with the internal and external auditors, and in each case without the presence of management, at least annually and review the co-operation given by the management to the internal and external auditors, where applicable;
- (u) where applicable, ensuring that the internal audit function has unfettered access to all our Group's documents, records, properties and personnel, including the AC, and has appropriate standing within the Group;
- (v) review the procedures by which employees of the Group may, in confidence, report to the chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for the receipt, retention and treatment of complaints received by the Group (including criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group), the independent investigation and follow-up actions thereto;
- (w) review the assurance from the CEO and CFO on the financial records and financial statements;
- (x) appraise the performance of the CFO on an annual basis;
- (y) review 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 financial performance; and
- (z) monitor the use of the proceeds raised by the Company from the Listing.

The AC is authorised to investigate any matter within its terms of reference, and has full access to, and co-operation of, the management. The AC has full discretion to invite any Director, executive officer or management personnel to attend its meetings and has access to reasonable resources, including independent professional advice, to enable it to discharge its functions.

CORPORATE GOVERNANCE REPORT

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of the external auditors. The aggregate amount of fees paid/payable to the external auditors, Mazars LLP, for audit services for FY2021 were S\$150,000 and no non-audit services was rendered by Mazars LLP for FY2021. The AC, having reviewed the scope and value of the audit and non-audit services provided by the external auditors, is satisfied that the independence and objectivity of the external auditors is not impaired.

In recommending the re-appointment of Mazars LLP as the Company's external auditors for FY2022, the AC considered the adequacy of their resources, training and quality control, experience of the engagement team and the firm as a whole and quality of work carried out by the external auditors.

Internal audit function

The Company has outsourced its internal audit function to Baker Tilly Consultancy (Singapore) Pte. Ltd., a corporate member of the Institute of Internal Auditors Singapore. The primary reporting line of the internal auditors is to the AC on any material non-compliance and internal control weaknesses identified in the course of audit. The hiring, removal, evaluation of the internal auditors and compensation to be paid to them is recommended by the AC and approved by the Board.

The internal auditors have unrestricted access to the Company's documents, records, properties and personnel. The internal audit team is staffed with personnel with relevant qualifications (such as Chartered Accountant of Singapore and Certified Internal Auditor designations) and experience. The internal auditors carry out their work in line with International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC reviews the adequacy and effectiveness of the internal audit function at least on an annual basis, and as and when the situation calls for it. The AC is satisfied that the internal auditors is independent, effective, have adequate resources to perform its functions and have appropriate standing within the Group.

Baker Tilly Consultancy (Singapore) Pte. Ltd. completed their internal controls review during FY2021 as part of the Company's preparation for the Listing. The AC approved the internal audit report and management has adopted key recommendations as set out in the internal audit report.

The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function.

AC meets with the auditors without the presence of management annually

The AC endeavours to meet at least once a year with the external and internal auditors without the presence of the management so that any concern and/or issue can be raised directly and privately. Since the date of the Listing and up to the date of this Report, the AC has met with the external and internal auditors without the presence of the management.

Significant accounting matters

In the review of the financial statements for FY2021, the AC has discussed with the management the significant accounting principles that were applied and their judgement of items that might affect the accuracy and completeness of the financial statements.

The key audit matters were discussed between the management and the external auditors and were reviewed by the AC. Please refer to page 50 of this annual report for the key audit matters identified for FY2021.

CORPORATE GOVERNANCE REPORT

Whistle-blowing policy

The Company has in place a whistle-blowing policy and procedures for employees of the Group and other persons to raise concerns about possible improprieties in matters of financial reporting, fraudulent behaviour and other significant matters directly to the AC. The AC is responsible for oversight and monitoring of whistle-blowing. According to the Company's whistle-blowing policy, whistle-blowers shall be protected from reprisal and the identity of the whistle-blower and the concern raised would be treated with strictest confidentiality. Anonymous reporting will be attended to, taking into consideration the seriousness and credibility of the issue raised and the likelihood of confirming the allegation from attributable sources and information provided. This policy is disseminated to employees of the Group.

Possible improprieties such as suspected fraud, corruption, dishonest practices and other significant matters can be reported via postal mail and email to the AC Chairman at AlpinaACC@gmail.com.

Since the date of the Listing and up to the date of this Report, no matter was raised through the Group's whistle-blowing channels.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

Opportunity to participate effectively and vote at general meetings

The Board ensures that the Shareholders are treated fairly and equitably. All material information which would likely affect the price or value of the Company's shares shall be disclosed adequately and in a timely manner. Presentations to Shareholders or investors will be made available on SGXNet and the Company's website.

In presenting the Group's financial results to Shareholders, it is the aim of the Board to provide Shareholders with a balanced and understandable assessment of the Company's performance, financial position and prospects.

The Company's principal form of dialogue with Shareholders takes place at general meetings. Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. Notices of general meetings are dispatched to Shareholders, together with the annual report and/or circulars within the time notice period as prescribed by the relevant regulations. Where necessary, additional explanatory notes will be provided for relevant resolutions which are to be tabled at general meetings to enable Shareholders to exercise their vote on an informed basis. The Company strives to hold general meetings at venues which are accessible to Shareholders and provide Shareholders with the opportunity to voice their views and direct their questions to the Board regarding the Company.

Shareholders will also be briefed during the general meetings on voting procedures of the general meetings. Voting procedures will also be documented in the notices of general meetings.

CORPORATE GOVERNANCE REPORT

All notices of general meetings contained/will contain instructions to Shareholders on how they may:

- (i) access any documents or information relating to the business of the general meeting;
- (ii) submit their questions ahead of the meeting, the timeframe for submission of questions and how the substantial and relevant questions will be responded to prior to/at the meeting; and
- (iii) cast their votes, including specific instruction to CPF and SRS investors (where applicable).

Separate resolution on each substantially separate issue

The Board notes that the best practice is to have separate resolutions on each substantially separate issue. The Company shall avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

All Directors attend general meetings

All Directors and the relevant key management personnel shall attend general meetings to address Shareholders' queries and receive feedback from Shareholders.

The external auditors of the Company shall also be invited to attend the AGMs and shall assist in addressing queries from the Shareholders relating to the conduct of the audit and the preparation and content of the independent auditor's report.

The Chairman of the general meeting will facilitate constructive dialogue between Shareholders and the Board, management, external auditors and other relevant professionals.

The Constitution allow for absentia voting of Shareholders

The Constitution allows all Shareholders to appoint not more than two (2) proxies to attend and vote on their behalf and also provides that a proxy need not be a Shareholder. A relevant intermediary (as defined in Section 181 of the Companies Act) may appoint more than two (2) proxies to participate in Shareholders' meetings. An investor who holds Shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the general meetings in person. CPF and SRS Investors who are unable to attend the general meetings but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the chairman of the general meetings to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meetings. Proxies need not be a Shareholder of the Company.

To minimise physical interactions and COVID-19 transmission risks, the Company is expected to conduct its forthcoming AGM *via* electronic means until the alternative arrangements for the conduct of meetings contained in the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 cease to be available. Alternative arrangements relating to attendance at the AGM *via* electronic means i.e., "live" audio-visual webcast or "live" audio-only stream, submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions before and/or during the AGM (if any) and appointing the Chairman of the AGM as the proxy at the AGM, will be put in place. Shareholders will not be able to attend the AGM in person.

CORPORATE GOVERNANCE REPORT

The Constitution permits voting in absentia only by appointment of proxy. As the authenticity of Shareholders' identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

Minutes of general meetings

Minutes of general meetings which include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board and the relevant key management personnel will be available to Shareholders upon their written request.

All resolutions proposed at general meetings shall be put to vote by way of a poll. All votes cast, for or against, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released *via* SGXNet after the general meetings.

The minutes of the forthcoming AGM to be held on 27 June 2022 will be published on SGXNet and the Company's website within one (1) month after the date of the AGM.

Dividend policy

Currently, the Company does not have a formal dividend policy. The Board would consider establishing a divided policy when appropriate. In considering the payment of dividend, the Board shall consider factors such as the Group's profits, cash flows, working capital and capital expenditure requirements, investment plans and other factors as the Board may deem appropriate. As set out in the section entitled "Dividend Policy" of the Offer Document, the Directors intend to recommend and distribute dividends of a minimum of 50 per cent. of the Group's profit attributable to equity holders of the Company in respect of FY2022 and FY2023.

The Board is pleased to recommend a final tax exempt (one-tier) dividend of 0.2712 Singapore cents per share for FY2021 which is subject to Shareholders' approval at the forthcoming AGM to be held on 27 June 2022.

Principle 12: ENGAGEMENT WITH SHAREHOLDERS

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

Avenues for communication between the Board and Shareholders

The Company strives for timeliness and consistency in its disclosures to Shareholders. It is the Company's policy to keep all Shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements *via* SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable. Shareholders are provided with an update on the Group's performance, financial position and prospects through the Company's annual report.

The Company's half year and full year results announcements, corporate presentations, announcements and press releases are issued *via* SGXNet. Shareholders have access to information on the Group *via* the Company's website. The Company discloses all material information on a timely basis to all Shareholders.

CORPORATE GOVERNANCE REPORT

Shareholders are given the opportunity to pose questions to the Board or the Management at the general meetings. The members of the AC, NC and RC will be present at the general meetings to answer questions relating to matters overseen by the respective committees.

Investor relations policy

The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to the Shareholders. The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Catalist Rules and the Companies Act, the Board's policy is that all Shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Disclosure of information is made through announcements released to the SGX-ST, the Company's annual reports, circulars, press releases, as well as on the Company's website which has a dedicated investor relations section.

Shareholders and investors can also contact the Company via the email address enquiry@alpinaholdings.com.sg that is designed to facilitate regular and effective communication. The Company endeavours to respond to Shareholders' queries promptly.

Principle 13: ENGAGEMENT WITH STAKEHOLDERS

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

Managing stakeholders' relationships

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

The Company endeavours to communicate effectively and regularly with its stakeholders. The engagement with material stakeholder groups, including key area of focus and engagement channels, during the year will be set out in the Company's sustainability report which will be published on SGXNet by the end of December 2022.

Corporate website to engage stakeholders

Stakeholders who wish to know more about the Group and its business can visit the Company's website <https://alpinaholdings.com.sg/>. The Company's website was revamped in FY2021 and has a dedicated section on investor relations where the Group's latest financial results, annual report, SGXNet announcements, group structure, key policies and investor relations contacts are disclosed.

DEALINGS IN SECURITIES

Pursuant to Rule 1204(19) of the Catalist Rules, the Company has put in place policy on dealings in the Company's securities by the Directors, officers and employees of the Company and its subsidiaries.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. All Directors, officers and employees of the Group are not allowed to deal in the Company's shares during the periods commencing one (1) month before the announcement of the Company's half-year and full year financial statements.

CORPORATE GOVERNANCE REPORT

The Company's officers and employee are also advised to observe insider trading laws at all times. Directors are required to report all dealings in securities to the Company Secretary.

The Board confirms that, as at the date of this Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Group has adopted a policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length, on normal commercial terms and not prejudicial to the Company and its minority Shareholders. All IPTs are documented and submitted periodically to the AC for their review.

The Group has also adopted a general mandate from Shareholders ("**Shareholders' Mandate**") for the purchase of electrical components, lighting equipment and related spare parts from Accentury Pte. Ltd. ("**Accentury**"). The Company will be seeking Shareholders' approval for the renewal of the Shareholders' Mandate at the forthcoming AGM.

Save for the information disclosed in the table below, there were no other IPTs conducted during the year, which exceeded S\$100,000 in value in FY2021:

| Name of interested person | Nature of relationship | Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the Shareholders' Mandate) | Aggregate value of all interested person transactions conducted under the Shareholders' Mandate during FY2021 (excluding transactions less than S\$100,000) |
|---------------------------|--|---|---|
| Accentury | The shareholders of Accentury are Ms. Pow Pei San (Ms. Bao Peishan) and Ms. Cheng Chew Hun, who are the spouses of Mr. Low Siong Yong and Mr. Tai Yoon On, and who hold 55.0% and 45.0% of the issued and paid-up shares of Accentury, on trust for Mr. Low Siong Yong and Mr. Tai Yoon On respectively. Mr. Low Siong Yong and Mr. Tai Yoon On are directors and controlling shareholders of the Company, and Accentury is deemed to be an "interested person" under Chapter 9 of the Catalist Rules. | Sale of warehouse – S\$750,000 | S\$1,129,000 |

MATERIAL CONTRACTS

Save as disclosed in the section entitled "Interested Person Transactions" of this Report and the following contracts, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any

CORPORATE GOVERNANCE REPORT

Director or controlling Shareholder which are either still subsisting at the end of FY2021 or, if not then subsisting, entered into since the end of FY2020:

- (a) the Service Agreements, details of which are set out in the section entitled “Directors, Executive Officers – Service Agreements” of the Offer Document;
- (b) the sale and purchase agreement for the disposal of the property located at 61 Woodlands Industrial Park E9, #05-13 E9 Premium, Singapore 757047 dated 7 July 2021 entered into between Digo Corporation and Accentury; and
- (c) the option to purchase the property located at 32 Woodlands Park E1, Singapore 757723 issued by Digo Corporation to K & J Engineering Pte. Ltd. on 30 August 2021 and the exercise of the option to purchase by K & J Engineering Pte. Ltd. on 13 September 2021.

NON-SPONSOR FEES

The Company was listed on the Catalist Board of the SGX-ST on 28 January 2022, and United Overseas Bank Limited (“**UOB**”) was the sponsor, issue manager and placement agent for the Listing. During FY2021, fees amounting to S\$280,000 were paid to UOB in connection with the Listing. Save as disclosed, with reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company’s sponsor, UOB, in FY2021.

USE OF IPO PROCEEDS

Pursuant to the initial public offering on 28 January 2022, the Company received gross proceeds of approximately S\$9.9 million from the Listing (“**IPO Proceeds**”). As at the date of this annual report, the IPO Proceeds have been utilised as follows:

| | Amount allocated (as disclosed in the Offer Document) S\$’000 | Amount utilised as at the date of this annual report S\$’000 | Balance as at the date of this annual report S\$’000 |
|---|--|---|---|
| Expanding existing business | 3,000 | – | 3,000 |
| Strengthening and accelerating the extension of IFM services | 2,500 | – | 2,500 |
| General working capital ⁽¹⁾ | 2,591 | 107 | 2,484 |
| Payment of listing and application fees, professional fees, placement commissions and miscellaneous expenses ⁽²⁾ | 1,829 | 1,811 | 18 |
| Total | 9,920 | 1,918 | 8,002 |

Notes:

(1) The amount utilised for general working capital purposes as at the date of this annual report were mainly for professional fees.

(2) The amount utilised as at the date of this annual report refer to the expenses billed and paid to date.

The utilisation of the IPO Proceeds is in line with the intended use and allocation of the IPO Proceeds as set out in the Offer Document.

FINANCIAL CONTENTS

- 45 DIRECTORS' STATEMENT
- 49 INDEPENDENT AUDITORS' REPORT
- 54 COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- 55 STATEMENTS OF FINANCIAL POSITION
- 56 COMBINED STATEMENT OF CHANGES IN EQUITY
- 57 COMBINED STATEMENT OF CASH FLOWS
- 59 NOTES TO THE FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

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

1. Opinion of the directors

In the opinion of the directors,

- (i) the financial statements of the Group and the statement of financial position 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 for the financial 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:

Low Siong Yong
Tai Yoon On
Ong Beng Chye
Chan Jer Hiang
Own Seak Chin @ Woon Seak Chin ("Marcus Woon")

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

| Name of directors and company in which interests are held | Number of Ordinary Shares | | |
|--|---------------------------|---------------------------|--------------------------|
| | As at 8 November 2021 | As at 31 December 2021 | As at 21 January 2022 |
| Ultimate parent company <u>Skky Investments Pte. Ltd.</u> | | | |
| Low Siong Yong | 55 | 55 | 83,787,000 |
| <u>Lezo Holdings Pte. Ltd.</u> | | | |
| Tai Yoon On | 45 | 45 | 68,553,000 |

| Name of directors and companies in which interests are held | Number of Ordinary Shares | | | | |
|---|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Direct interests | | Deemed interests | | As at 21 January 2022 |
| | As at 8 November 2021 | As at 31 December 2021 | As at 8 November 2021 | As at 31 December 2021 | |
| <u>The Company</u> | | | | | |
| Low Siong Yong | – | – | 55 | 55 | 83,787,000 |
| Tai Yoon On | – | – | 45 | 45 | 68,553,000 |

By virtue of Section 7 of the Act, Low Siong Yong and Tai Yoon On are deemed to have an interest in all the related body corporates of the Company.

5. Share Option

There were no share options granted by the Group during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Group.

There were no unissued shares under options in the Group as at the end of the financial year.

DIRECTORS' STATEMENT

6. Audit committee

The members of the Audit Committee at the date of this report are as follows:

Marcus Woon (Chairman of the audit committee and independent director)

Ong Beng Chye (Independent director)

Chan Jer Hiang (Independent director)

The Audit Committee has convened one meeting during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

- (i) reviewed the audit plan and results of the external audit, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group;
- (ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
- (iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;
- (iv) reviewed the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
- (v) reviewed and assessed the adequacy of the Group's risk management processes;
- (vi) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
- (vii) reviewed interested person transactions in accordance with SGX listing rules;
- (viii) reviewed the nomination of external auditors and gave approval of their compensation; and
- (ix) submitted of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

DIRECTORS' STATEMENT

7. Auditors

Mazars LLP, has expressed willingness to accept re-appointment.

On behalf of the directors

Low Siong Yong
Director

Tai Yoon On
Director

Singapore
31 May 2022

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALPINA HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Alpina Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, all subsidiaries are identified as significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

These significant components were audited by Mazars LLP, Singapore.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALPINA HOLDINGS LIMITED

Report on the Audit of the Financial Statements (Continued)

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

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 financial year. 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.

| Expected credit losses ("ECL") on trade receivables and contract assets | |
|---|---|
| <i>Refer to Note 3 for critical accounting judgements and key sources of estimation uncertainty, Note 12 (Trade and Other Receivables) and Note 28 (Financial instruments and financial risks) for disclosures relating to the loss allowances for trade receivables and contract assets.</i> | |
| Key audit matter | Our audit response |
| <p>The carrying amounts of the Group's trade receivables and contract assets as at 31 December 2021 were approximately \$5,621,000 (2020: \$6,158,000) and \$14,565,000 (2020: \$13,223,000) respectively.</p> <p>Consequent to the adoption of SFRS(I) 9 Financial Instruments ("SFRS(I) 9"), the Group used an allowance matrix to estimate the ECL for trade receivables and contract assets. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, adjusted for forward looking factors, including their best estimate of the impact of COVID-19, specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables and contract assets.</p> <p>As the determination of the ECL requires significant judgement and estimation of management and in consideration of the significance of trade receivables and contract assets in the Group, we consider management's assessment and application of SFRS(I) 9 to the impairment of trade receivables and contract assets as a key audit matter.</p> | <p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's consideration of SFRS(I) 9 in their application of the corresponding requirements and assessed the appropriateness thereof; • Assessed the reasonableness of the provision matrix applied by the Group in their measurement of ECL for trade receivables and contract assets; • Assessed and where found necessary, critically challenged judgements and estimates used by management in measuring the ECL of trade receivables and contract assets; and • Reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements. |

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALPINA HOLDINGS LIMITED

Report on the Audit of the Financial Statements (Continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALPINA HOLDINGS LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALPINA HOLDINGS LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 financial year and are therefore the key audit matters. We describe these matters in our auditors' 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 the subsidiary entities incorporated in Singapore of which we are auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ooi Chee Keong.

Mazars LLP

Public Accountants and
Chartered Accountants

Singapore
31 May 2022

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 \$'000 | 2020 \$'000 |
|---|------|-----------------|----------------|
| Revenue | 5 | 51,890 | 37,925 |
| Cost of sales | | (39,018) | (27,019) |
| Gross profits | | 12,872 | 10,906 |
| Other income | 6 | 3,390 | 397 |
| Distribution costs | | (47) | (82) |
| Administrative expenses | | (5,029) | (3,863) |
| Loss allowance on financial assets and contract assets | | (88) | (892) |
| Finance costs | 7 | (382) | (335) |
| Profit before income tax | 8 | 10,716 | 6,131 |
| Income tax expense | 9 | (1,432) | (1,086) |
| Profit for the financial year, representing total comprehensive income for the financial year, attributable to owners of the Company | | 9,284 | 5,045 |
| Earnings per share attributable to owners of the Company | | | |
| Basic and diluted (cents per share) | 10 | 6.09 | 3.31 |

The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | Note | Group | | Company ⁽¹⁾ |
|---|------|----------------|----------------|------------------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 11 | 2,261 | 1,603 | —* |
| Trade and other receivables | 12 | 7,012 | 7,607 | 211 |
| Contract assets | 13 | 14,565 | 13,223 | — |
| Inventories | 14 | 864 | 992 | — |
| | | 24,702 | 23,425 | 211 |
| Non-current assets | | | | |
| Property, plant and equipment | 15 | 9,735 | 9,781 | — |
| Right-of-use assets | 20 | 722 | 784 | — |
| Investment property | 16 | — | 737 | — |
| Investment in a joint venture | 17 | — | —*(2) | — |
| | | 10,457 | 11,302 | — |
| Total assets | | 35,159 | 34,727 | 211 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities | | | | |
| Trade and other payables | 18 | 8,310 | 10,955 | 1,190 |
| Contract liabilities | 13 | 350 | 520 | — |
| Borrowings | 19 | 3,408 | 2,955 | — |
| Lease liabilities | 20 | 49 | 46 | — |
| Income tax payable | | 633 | 388 | — |
| | | 12,750 | 14,864 | 1,190 |
| Non-current liabilities | | | | |
| Borrowings | 19 | 3,602 | 6,321 | — |
| Lease liabilities | 20 | 716 | 765 | — |
| Deferred tax liabilities | 21 | 112 | 82 | — |
| | | 4,430 | 7,168 | — |
| Capital and reserves | | | | |
| Share capital | 22 | 3,350 | 3,350 | —*(3) |
| Accumulated profits/(loss) | | 14,629 | 9,345 | (979) |
| Total equity/(Total capital deficiency) | | 17,979 | 12,695 | (979) |
| Total liabilities and equity | | 35,159 | 34,727 | 211 |

* Denotes amount less than \$1,000

Notes:

- (1) Comparative figures as at 31 December 2020 have not been presented for the Company as it was only incorporated on 8 November 2021.
- (2) On 7 December 2021, the Group struck off the joint venture from the Register of Accounting and Corporate Regulatory Authority pursuant to Section 344 of the Companies Act 1967 of Singapore. The joint venture had no business activities since the date of its incorporation.
- (3) The issued and paid-up share capital as at the date of incorporation was \$100 comprising 100 Shares of \$1 each.

The accompanying notes form an integral part of and should be read in conjunction with these combined financial statements.

COMBINED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Share capital ⁽¹⁾ \$'000 | Accumulated profits \$'000 | Total equity \$'000 |
|---|---|----------------------------------|---------------------------|
| Group | | | |
| Balance at 1 January 2020 | 2,850 | 5,900 | 8,750 |
| Profit for the year, representing total comprehensive income for the year | – | 5,045 | 5,045 |
| Issue of shares (Note 22) | 500 | – | 500 |
| Dividends paid (Note 23) | – | (1,600) | (1,600) |
| Balance at 31 December 2020 | 3,350 | 9,345 | 12,695 |
| Profit for the year, representing total comprehensive income for the year | – | 9,284 | 9,284 |
| Dividends paid (Note 23) | – | (4,000) | (4,000) |
| Balance at 31 December 2021 | 3,350 | 14,629 | 17,979 |

Note:

(1) Share capital represents the aggregate amount of issued and paid-up share capital of the companies making up the Group less consideration paid to acquire the relevant interest (if any).

The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements.

COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 \$'000 | 2020 \$'000 |
|--|------|----------------|----------------|
| Operating activities | | | |
| Profit before income tax | | 10,716 | 6,131 |
| Adjustments for: | | | |
| – Depreciation of property, plant and equipment | | 1,274 | 1,126 |
| – Depreciation of investment property | | 17 | 33 |
| – Depreciation of right-of-use assets | | 62 | 55 |
| – Interest expense | | 382 | 335 |
| – Interest income | | (2) | (4) |
| – Changes in allowance on trade receivables | | 74 | 978 |
| – Write off of contract assets | | 14 | – |
| – Changes in allowance on contract assets | | – | (86) |
| – Gain on disposal of investment property | | (30) | – |
| – Gain on disposal of property, plant and equipment | | (3,174) | (66) |
| Operating cash flows before movements in working capital | | 9,333 | 8,502 |
| Changes in working capital: | | | |
| – Trade receivables | | 463 | 2,405 |
| – Other receivables | | 58 | (173) |
| – Inventories | | 128 | (278) |
| – Trade payables | | (1,080) | 820 |
| – Other payables | | (1,446) | (520) |
| – Contract assets/(liabilities) | | (1,526) | (6,486) |
| – Amount due (to)/from directors | | (119) | (1,222) |
| Cash generated from operations | | 5,811 | 3,048 |
| – Tax paid | | (1,156) | (1,236) |
| Net cash generated from operating activities | | 4,655 | 1,812 |
| Investing activities | | | |
| – Interest income | | 2 | 4 |
| – Acquisition of property, plant and equipment | 15 | (2,365) | (2,674) |
| – Proceeds on disposal of investment property | | 750 | – |
| – Proceeds on disposal of property, plant and equipment | | 5,084 | 336 |
| Net cash generated from/(used in) investing activities | | 3,471 | (2,334) |
| Financing activities | | | |
| – Repayment of lease liabilities | | (88) | (83) |
| – Repayments of borrowings | | (8,792) | (8,101) |
| – Proceeds from borrowings | | 5,752 | 10,994 |
| – Proceeds on issue of shares | | – | 500 |
| – Dividends paid | 23 | (4,000) | (1,200) |
| – Interest paid | | (340) | (292) |
| Net cash (used in)/generated from financing activities | | (7,468) | 1,818 |
| Net increase in cash and cash equivalents | | 658 | 1,296 |
| Cash and cash equivalents at beginning of year | | 1,603 | 307 |
| Cash and cash equivalents at the end of the year | 11 | 2,261 | 1,603 |

The accompanying notes form an integral part of and should be read in conjunction with these combined financial statements.

COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

Reconciliation of liabilities arising from financing activities:

| | At beginning of financial year \$'000 | Financing cash flows ⁽¹⁾ \$'000 | Non-cash movements | | At end of financial year \$'000 |
|--------------------|--|--|--|-------------------------------|--|
| | | | Acquisition of plant and equipment \$'000 | Interest expense \$'000 | |
| 2021 | | | | | |
| Liabilities | | | | | |
| Bank borrowings | 9,276 | (3,040) | 774 | - | 7,010 |
| Lease liabilities | 811 | (88) | - | 42 | 765 |
| 2020 | | | | | |
| Liabilities | | | | | |
| Bank borrowings | 5,547 | 2,893 | 836 | - | 9,276 |
| Lease liabilities | 820 | (83) | 31 | 43 | 811 |

Note:

(1) Net of proceeds from borrowings, repayment of borrowings, interest paid and repayment of lease liabilities.

The accompanying notes form an integral part of and should be read in conjunction with these combined financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

1 GENERAL

Alpina Holdings Limited (the "Company") (Registration Number 202138650H) was incorporated on 8 November 2021 and is domiciled in Singapore with its principal place of business and registered office address at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118. The Company was incorporated for the purpose of acquiring the existing operating entities pursuant to the restructuring exercise as disclosed in Note 2 to form a group, comprising the Company and other companies making up the Group (the "Group").

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

The detail of its operating entities are disclosed as follows:

| <u>Company name</u> | <u>Registration number</u> | <u>Principal activities</u> |
|--------------------------------------|----------------------------|--|
| Digo Corporation Pte. Ltd. | 200313006C | Provision of electrical works and general building engineering design and consultancy services |
| Kontourz Pte. Ltd. | 200719021E | General building engineering design and consultancy services |
| Digo Building Construction Pte. Ltd. | 201714612N | General contractors and building construction including major upgrading works |

All other companies are incorporated and domiciled in Singapore with its principal place of business and registered office at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118.

The financial statements of the Group for the financial year ended 31 December 2021 were authorised for issue by the board of director on the date of director's statement.

2 RESTRUCTURING EXERCISE

The Company was incorporated on 8 November 2021 under the name of Alpina Holdings Pte Ltd. On incorporation, the issued and paid-up share capital of the Company was \$100 comprising 100 ordinary shares.

To consolidate the business activities of the Group, a restructuring exercise was undertaken for the Company to acquire 100% of the equity interests of Digo Corporation Pte. Ltd., Kontourz Pte. Ltd. and Digo Building Construction Pte. Ltd.. The detail of considerations is summarised in Note 2.1, 2.2 and 2.3 which was determined based on the net asset value of the Group as recorded in its audited financial statements as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2 RESTRUCTURING EXERCISE (CONTINUED)

2.1 Acquisition of Digo Building Construction Pte. Ltd. ("DB")

The Company acquired 100% of the share capital of DB which was incorporated on 26 May 2017 for a consideration of \$196,800 which was determined based on the net asset value of DB as at 31 December 2020. The consideration was satisfied by the issue of 196,800 ordinary shares in the capital of the Company to the then shareholders of DB as follows:

| Name | Number of Shares |
|---|------------------|
| Tai Yoon On (Held in trust by spouse, Cheng Chew Hun) | 382,545 |
| Low Siong Yong (Held in trust by spouse, Pow Pei San) | 467,555 |
| | <u>850,100</u> |

2.2 Acquisition of Digo Corporation Pte. Ltd. ("DC")

The Company acquired 100% of the share capital of DC which was incorporated on 20 December 2003 for a consideration of \$11,688,800 which was determined based on the net asset value of DC as at 31 December 2020. The consideration was satisfied by the issue of 11,688,800 ordinary shares in the capital of the Company to the then shareholders of DC as follows:

| Name | Number of Shares |
|----------------|------------------|
| Low Siong Yong | 1,100,000 |
| Tai Yoon On | 900,000 |
| | <u>2,000,000</u> |

2.3 Acquisition of Kontourz Pte. Ltd. ("KT")

The Company acquired 100% of the share capital of KT which was incorporated on 12 October 2007 for a consideration of \$809,300 which was determined based on the net asset value of KT as at 31 December 2020. The consideration was satisfied by the issue of 809,300 ordinary shares in the capital of the Company to the then shareholders of KT as follows:

| Name | Number of Shares |
|---|------------------|
| Tai Yoon On (Held in trust by spouse, Cheng Chew Hun) | 225,000 |
| Low Siong Yong (Held in trust by spouse, Pow Pei San) | 275,000 |
| | <u>500,000</u> |

Pursuant to a deed of confirmation of trust executed by Pow Pei San dated 26 October 2021, Pow Pei San confirmed that all her interests in the shares of DB (since 28 December 2017) and KT (since 1 March 2013), were held on trust for and on behalf of her spouse, Low Siong Yong. This amounted to 467,555 shares in DB or approximately 55% of the total issued and paid-up share capital of DB, and 275,000 shares in KT or approximately 55% of the total issued and paid-up share capital of KT.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2 RESTRUCTURING EXERCISE (CONTINUED)

2.3 Acquisition of Kontourz Pte. Ltd. ("KT") (Continued)

Pursuant to a deed of confirmation of trust executed by Cheng Chew Hun dated 26 October 2021, Cheng Chew Hun confirmed that all her interests in the shares of DB (since 28 December 2017) and KT (since 1 March 2013), were held on trust for and on behalf of her spouse, Tai Yoon On. This amounted to 382,545 shares in DB or approximately 45% of the total issued and paid-up share capital of DB, and 225,000 shares in KT or approximately 45% of the total issued and paid-up share capital of KT.

The above restructuring exercise is considered to be acquisitions of equity interests by entities under common control and therefore the entities acquired by the Group pursuant to the restructuring have been accounted for in a manner similar to the pooling-of-interests method. Accordingly, the assets and liabilities of these entities have been included in the financial statements of the Group at their historical carrying amounts. Although the agreement was entered into subsequent to the year end, the financial statements of the Group present the financial condition, results of operations and cash flows as if the restructuring has occurred as of the beginning of the earliest period presented. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the restructuring exercise.

2.4 Sub-division of Shares

On 17 January 2022, the Shareholders approved the sub-division of 12,695,000 Shares in the issued and paid-up share capital of the Company into 152,340,000 Shares. Following this sub-division, the issued and paid-up share capital of the Company was \$12,695,000 comprising 152,340,000 Shares.

The details of the subsidiaries are as follows:

| Name of subsidiaries (Country of incorporation/operation) | Principal activities | Effective equity interest held by the Company | |
|--|--|---|-----------|
| | | 2021 % | 2020 % |
| <u>Held directly by the Company</u> | | | |
| Digo Building Construction Pte. Ltd. ⁽¹⁾ /Singapore | General contractors and building construction including major upgrading works | 100 | 100 |
| Digo Corporation Pte. Ltd. ⁽¹⁾ /Singapore | Provision of electrical works and general building engineering design and consultancy services | 100 | 100 |
| Kontourz Pte. Ltd. ⁽¹⁾ /Singapore | Provision of electrical works and general building engineering services | 100 | 100 |

(1) Audited by Mazars LLP, Singapore for group combination purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) including related Interpretations of SFRS(I)s (“SFRS(I) INTs”) and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar (“\$”) which is also the functional currency of each subsidiary within the Group, and all values presented are rounded to the nearest thousand (“\$’000”), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2021. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group’s and Company’s accounting policies, and has no material effect on the current or prior year’s financial statement and is not expected to have a material effect on future periods.

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

| SFRS (I) | Title | Effective date (annual periods beginning on or after) |
|--------------------------|--|--|
| SFRS(I) 16 | Amendment to SFRS(I) 16: Covid-19 – Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| SFRS(I) 3 | Amendments to SFRS(I) 3: Reference to the Conceptual Framework | 1 January 2022 |
| SFRS(I) 1-16 | Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 |
| SFRS(I) 1-37 | Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 |
| SFRS(I) 1-1 | Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current | 1 January 2023 |
| SFRS(I) 17 | Insurance Contracts | 1 January 2023 |
| SFRS(I) 10, SFRS(I) 1-28 | Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |
| SFRS(I) 1-8 | Amendments to SFRS(I) 1-8: Definition of Accounting Estimates | 1 January 2023 |
| SFRS(I) 1-12, SFRS(I) 1 | Amendments to SFRS(I) 1-12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction | 1 January 2023 |
| Various | Amendments to SFRS(I) 17 | 1 January 2023 |
| Various | Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies | 1 January 2023 |
| Various | Annual Improvements to SFRS(I)s 2018-2021 | 1 January 2022 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (Continued)

SFRS(I) and SFRS(I) INT issued but not yet effective (Continued)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

3.2 Basis of combination

Common Control Business Combination Outside the Scope of SFRS(I) 3 Business Combination

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of SFRS(I) 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the combined financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the combined financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

Restructuring reserve represents the differences between the nominal amount of the share capital of the combining entities at the date on which it was acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

The combined financial statements were prepared based on the audited financial statements of subsidiaries which were prepared in accordance with SFRS(I)s for the purpose of combination. The subsidiaries maintain their accounting records and prepare the relevant statutory financial statements in accordance with the Act and SFRS(I)s.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue recognition

Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods or service and that is allocated to that performance obligation. The goods or service is transferred when or as the customer obtains control of the goods or service.

Revenue from construction contracts

Revenue from construction contracts is recognised over time, using the output method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group. In the application of the output method, the Group has used surveys of performance completed to date method. In view of the nature of the construction contract, management considers that this output method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contract with Customers* ("SFRS(I) 15").

Revenue from construction contracts is disaggregated into integrated building services ("IBS"), mechanical and electrical ("M&E") and alteration and addition ("A&A").

IBS

Includes maintenance, repair and replacement of electrical systems, ACMV, fire prevention and protection systems, security and communication systems, sanitary and plumbing systems and other specialist systems in the buildings, as well as ancillary A&A works.

M&E

Includes installation, replacement, removal of components of the mechanical and electrical systems, including LED lighting fixtures, switchboards, lightning protection system, lifts, telephone lines, heat and smoke detectors and fire alarm systems.

A&A

Includes civil works and building works.

3.4 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Retirement benefits costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Employee leave entitlements

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

3.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment property where investment property measured at fair value are presented to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Income tax (Continued)

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

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of 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.

3.8 Dividend

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

3.9 Foreign currency transactions and translation

Foreign currency transactions in a currency other than \$ (the "functional currency") using the exchange rates prevailing on the dates of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

3.10 Property, plant and equipment

Leasehold properties and improvements held for use in the production or supply of goods or services, or for administrative purposes, are shown at cost less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Property, plant and equipment (Continued)

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

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

| | <u>Useful lives</u> |
|---------------------------------------|---------------------|
| Leasehold properties and improvements | 19 years |
| Renovation | 3 years |
| Furniture and fittings | 3 years |
| Motor vehicles | 5-10 years |
| Computer | 1 year |
| Office equipment | 3 years |
| Plant and machinery | 3-5 years |
| Tools and equipment | 3 years |

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 20.

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

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 estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

3.11 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 30 years. The residual values, useful lives and depreciation method of investment property is reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Investment property (Continued)

Costs of major renovations and improvements to the investment property to the investment property are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

Upon its disposal or retirement, the difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss.

3.12 Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for under SFRS(I) 5, from the date on which the investees become a joint venture. Under the equity method, investments in joint ventures are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any accumulated losses of individual investments. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Group's share of losses in a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

3.13 Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Impairment of non-financial assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.14 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 Revenue from Contracts with Customers in Note 3.3.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). The classification at initial recognition depends on the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

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

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 28.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 3.4 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis, comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.16 Contract assets and liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on services provided by the Group. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to:

- advance consideration received from certain customers; and
- progress billings issued in excess of the Group's rights to the consideration

3.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and time deposits, bank overdrafts and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

3.18 Leases

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

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16 Leases. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Leases (Continued)

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

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

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

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

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset has been reduced to zero.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

3.20 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Non-monetary government grant is recognised at nominal amount.

3.21 Contingencies

A contingent liability is:

- (i) 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
- (ii) a present obligation that arises from past events but is not recognised because:
 - (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (b) the amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Contingencies (Continued)

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

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

3.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4.1 Critical judgements made in applying the Group's accounting policies

Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

4.2 Key sources of estimation uncertainty

Revenue from construction contracts

Revenue from construction contracts is recognised over the period of the contract using the output method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time. The output method recognises revenue on the basis of direct measurements of value to the customer of the construction work performed to date relative to the remaining construction work promised under the contract.

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations. In making this judgement, the Company evaluates based on experience and by relying on the work of specialists. During the financial year, the Group recognised revenue from construction contracts amounting to approximately \$51,890,000 (2020: \$37,925,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 1 to 19 years. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 31 December 2021 were approximately \$9,735,000 (2020: \$9,781,000).

Measurement of ECL of trade receivables and contract assets

The Group uses an allowance matrix to measure ECL for trade receivables and contract assets. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the country (i.e. Singapore). The Group adjusts, as necessary, the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables and contract assets as at 31 December 2021 was approximately \$2,069,000 (2020: \$1,995,000) and \$1,639,000 (2020: \$1,639,000) respectively.

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax as at 31 December 2021 was \$633,000 (2020: \$388,000).

5 REVENUE

| | Group | |
|------------------------|---------------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Recognised over time | | |
| – Construction Revenue | 51,890 | 37,925 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

5 REVENUE (CONTINUED)

Geographic market information in relation to revenue of the Group is not presented as the Group's revenue is substantially derived from Singapore.

Revenue from construction contracts is disaggregated into integrated building services ("IBS"), mechanical and electrical ("M&E") and alteration and addition ("A&A"). The disaggregation of revenue is disclosed in Note 27.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

| | Group | |
|-----------------------------------|----------------|----------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Within one year | 53,755 | 5,059 |
| After one year within three years | 70,842 | 96,490 |
| | 124,597 | 101,549 |

6 OTHER INCOME

| | Group | |
|---|--------------|------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Interest income | 2 | 4 |
| Gain on disposal of property, plant and equipment | 3,174 | 66 |
| Gain on disposal of investment property (Note 16) | 30 | - |
| Government grants | 120 | 285 |
| Foreign exchange differences | (2) | 13 |
| Others | 66 | 29 |
| | 3,390 | 397 |

7 FINANCE COSTS

| | Group | |
|--------------------------------|------------|------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Interest on leases liabilities | 42 | 43 |
| Interest on borrowings | 340 | 292 |
| | 382 | 335 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

8 PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the following charges/(credits) were included in the determination of profit before income tax:–

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Audit fee paid/payable to auditor of the Company | 150 | – |
| Audit fee paid/payable to other auditors | – | 60 |
| Under provision of prior year audit fee to other auditors | 28 | – |
| Cost of inventories recognised as an expense | 9,417 | 8,843 |
| Depreciation of property, plant and equipment | 1,274 | 1,126 |
| Depreciation of investment property | 17 | 33 |
| Depreciation of right-of-use assets | 62 | 55 |
| Directors' remuneration other than fees: | | |
| – Short-term benefits | 756 | 881 |
| – Defined contribution plan | 45 | 45 |
| Staff costs: | | |
| – Wages and salaries | 10,877 | 9,180 |
| – Defined contribution plan | 526 | 443 |
| Loss allowance on trade receivables | 74 | 978 |
| Reversal of loss allowance provided for contract assets | – | (86) |
| Listing expenses | 899 | – |
| Write off of contract assets | 14 | – |
| | 14 | – |

Included in the staff cost are labour costs directly associated with the generation of revenue of respectively, approximately \$12,436,000 and \$7,919,000 for the financial years ended 31 December 2021 and 31 December 2020 respectively.

Included in depreciation of property, plant and equipment directly associated with the generation of revenue of respectively, approximately \$1,067,000 and \$1,015,000 for the financial years ended 31 December 2021 and 31 December 2020 respectively.

9 INCOME TAX EXPENSE

| | Group | |
|------------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Current income tax | | |
| – Current financial year | 1,402 | 1,096 |
| Deferred tax | | |
| – Current financial year (Note 21) | 30 | (10) |
| | 1,432 | 1,086 |

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2020: 17%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

9 INCOME TAX EXPENSE (CONTINUED)

Reconciliation of effective tax rate

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Profit before income tax | <u>10,716</u> | 6,131 |
| Tax expense at tax rate of 17% | 1,822 | 1,042 |
| Income not subject to tax | (568) | (52) |
| Expenses not deductible for tax purpose | 261 | 177 |
| Tax rebates | (35) | (20) |
| Deferred tax assets not recognised | (49) | 53 |
| Others | <u>1</u> | (114) |
| | <u>1,432</u> | <u>1,086</u> |

Deferred tax assets of certain companies have not been recognised as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The unrecognised deferred tax assets arise mainly from unutilised tax losses of \$681,000 (2020: \$883,000).

The tax losses are subjected to an agreement by the tax authorities and compliance with tax regulations in the respective country in which the subsidiaries operate.

10 BASIC AND DILUTED EARNINGS PER SHARE

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Profit attributable to the owners of the Company | 9,284 | 5,045 |
| Weighted average number of ordinary shares outstanding for basic and diluted earnings per share (in units) | 152,340,000 | 152,340,000 |
| Basic and diluted earnings per share (cents per share) | <u>6.09</u> | <u>3.31</u> |

The basic earnings per share for the year ended 31 December 2021 and 2020 are the same as the respective diluted earnings per share, as there were no potential dilutive ordinary shares in existence during the year ended 31 December 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

11 CASH AND CASH EQUIVALENTS

| | Group | |
|---------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Cash at banks | 2,245 | 1,593 |
| Cash on hand | 16 | 10 |
| | 2,261 | 1,603 |

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents are denominated in Singapore Dollars.

12 TRADE AND OTHER RECEIVABLES

| | Group | | Company |
|------------------------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 |
| Trade receivables | | | |
| – third parties | 7,686 | 8,149 | – |
| – related parties | 4 | 4 | – |
| Loss allowance | (2,069) | (1,995) | – |
| | 5,621 | 6,158 | – |
| Advance payment to suppliers | | | |
| – third parties | 638 | 20 | – |
| – related party | 12 | 487 | – |
| Other receivables | 90 | 87 | – |
| Grant receivable | – | 368 | – |
| Deposits | 290 | 318 | 1 |
| Prepayments | 361 | 169 | 210 |
| | 7,012 | 7,607 | 211 |

Trade receivables from third parties are non-interest bearing and generally ranges between 30 to 90 days (2020: 30 to 90 days) credit terms.

Trade receivables from related parties are unsecured, non-interest bearing and repayable on the credit term of 30 to 90 days.

Advance payment to suppliers is pertaining to advance payment made to suppliers for purchase of inventories.

Other receivables are unsecured, non-interest bearing and repayable on demand. The details of the impairment of trade receivables and credit exposures are disclosed in Note 28.

Trade and other receivables are denominated in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

13 CONTRACT ASSETS/(LIABILITIES)

| | Group | |
|----------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Contract assets | 16,204 | 14,862 |
| Loss allowance | (1,639) | (1,639) |
| | 14,565 | 13,223 |
| Contract liabilities | (350) | (520) |
| | 14,215 | 12,703 |

Contract assets represent the unbilled amount for work completed to date. The amount is transferred to trade receivable when the right to bill becomes unconditional upon receipts of the architects' certification. This typically occurs when the construction milestones are achieved.

Contract liabilities represent the excess of progress billings over costs incurred plus recognised profits. The amount is recognised as revenue when the Group has satisfied the underlying performance obligations under the contract.

The significant changes in the contract assets and contract liabilities during the year are as follows:

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| <u>Contract assets</u> | | |
| At beginning of the year | 13,223 | 6,651 |
| Contract assets reclassified to trade receivables that was included in the contract asset balance at the beginning of the year | (12,290) | (6,952) |
| Increases due revenue recognised to date but has not been invoiced to the customer as at financial year end | 13,632 | 13,610 |
| Reversal of loss allowance provided for contract assets | - | (86) |
| At end of the year | 14,565 | 13,223 |
| <u>Contract liabilities</u> | | |
| At beginning of the year | 520 | 520 |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | (170) | - |
| At end of the year | 350 | 520 |

The exposure to credit risk and impairment losses related to contract assets is disclosed in Note 28.

14 INVENTORIES

| | Group | |
|-------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Material and consumable tools | 864 | 992 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

15 PROPERTY, PLANT AND EQUIPMENT

| Group | Computers and software \$'000 | Furniture and office equipment \$'000 | Machinery, tools and equipment \$'000 | Motor Vehicle \$'000 | Renovation \$'000 | Property under construction \$'000 | Leasehold properties \$'000 | Total \$'000 |
|----------------------------------|-------------------------------|---------------------------------------|---------------------------------------|----------------------|-------------------|------------------------------------|-----------------------------|----------------|
| Cost: | | | | | | | | |
| At 1 January 2020 | 324 | 207 | 1,563 | 5,294 | 138 | 2,337 | 4,162 | 14,025 |
| Additions | 25 | - | 18 | 898 | - | 2,569 | - | 3,510 |
| Disposals | (94) | (94) | (127) | (520) | - | - | - | (835) |
| At 31 December 2020 | 255 | 113 | 1,454 | 5,672 | 138 | 4,906 | 4,162 | 16,700 |
| Additions | 88 | 83 | - | 907 | - | 2,060 | - | 3,138 |
| Disposals | - | - | - | (342) | - | - | (2,520) | (2,862) |
| Reclassification | - | - | - | - | - | (6,966) | 6,966 | - |
| At 31 December 2021 | 343 | 196 | 1,454 | 6,237 | 138 | - | 8,608 | 16,976 |
| Accumulated depreciation: | | | | | | | | |
| At 1 January 2020 | 286 | 206 | 656 | 2,865 | 138 | - | 2,207 | 6,358 |
| Charge for the year | 53 | 1 | 260 | 755 | - | - | 57 | 1,126 |
| Disposals | (94) | (94) | (95) | (282) | - | - | - | (565) |
| At 31 December 2020 | 245 | 113 | 821 | 3,338 | 138 | - | 2,264 | 6,919 |
| Charge for the year | 45 | 6 | 260 | 807 | - | - | 156 | 1,274 |
| Disposals | - | - | - | (279) | - | - | (673) | (952) |
| At 31 December 2021 | 290 | 119 | 1,081 | 3,866 | 138 | - | 1,747 | 7,241 |
| Carrying amounts: | | | | | | | | |
| At 31 December 2020 | 10 | - | 633 | 2,334 | - | 4,906 | 1,898 | 9,781 |
| At 31 December 2021 | 53 | 77 | 373 | 2,371 | - | - | 6,861 | 9,735 |

During the financial year, the Group acquired property, plant and equipment for an aggregate of approximately \$3,138,000 (2020: \$3,510,000) of which approximately \$868,000 (2020: \$836,000) was acquired by means of a lease. The Group's plant and machinery, leasehold land and buildings with a carrying amount of approximately \$2,394,000 (2020: \$2,553,000) were pledged to secure bank borrowings (Note 19).

On 30 August 2021, Digo Corporation Pte. Ltd. entered into an option to purchase agreement with an unrelated party in relation to the disposal of the property located at 32 Woodlands Industrial Park E1, Singapore 737723, for a consideration of \$5 million, and the disposal was completed on 6 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

16 INVESTMENT PROPERTY

| | Group | |
|----------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Cost: | | |
| At beginning and end of year | 903 | 903 |
| Disposal | (903) | - |
| At end of year | - | 903 |
| Accumulated depreciation: | | |
| At beginning of year | 166 | 133 |
| Charge for the year | 17 | 33 |
| Disposal | (183) | - |
| At end of year | - | 166 |
| Carrying amount: | | |
| At beginning of year | 737 | 770 |
| At end of year | - | 737 |
| Fair value: | | |
| At end of year | - | 900 |

On 7 July 2021, Digo Corporation Pte. Ltd. entered into a sale and purchase agreement with a related party in relation to the disposal of the investment property located at 61 Woodlands Industrial Park E9, #05-13 E9 Premium, Singapore 757047, for a consideration of \$0.75 million, and the disposal was completed on 30 July 2021.

The gain on disposal of investment property is recognised in profit or loss of approximately \$30,000 during the year.

17 INVESTMENT IN A JOINT VENTURE

On 7 December 2021, the Group struck off a joint venture company, Cypark-Digo JV Solar Pte. Ltd., from the Register of Accounting and Corporate Regulatory Authority pursuant to Section 344 of the Companies Act 1967 of Singapore. The joint venture has no business activities since the date of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

18 TRADE AND OTHER PAYABLES

| | Group | | Company |
|-------------------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 |
| Trade payables | | | |
| – third parties | 5,674 | 6,307 | – |
| – related parties | 3 | 447 | – |
| | 5,677 | 6,754 | – |
| Amount due to directors | – | 119 | – |
| Accruals | 1,555 | 1,944 | 220 |
| Deferred grant income | – | 535 | – |
| GST payables | 632 | – | – |
| Retention payables | 380 | 72 | – |
| Other payables | | | |
| – third parties | 66 | 1,531 | – |
| – related party | – | – | 970 |
| | 8,310 | 10,955 | 1,190 |

The average credit period on purchases of goods generally ranges between 30 to 90 days (2020: 30 to 90 days). No interest is charged on the trade payables.

Trade payables from related parties are trade in nature, unsecured, interest-free and repayable on demand.

Amount due to directors are non-trade in nature, unsecured, interest-free and repayable on demand.

Accruals mainly consist of accrued operating expenses.

Other payables are mainly arising from the subcontractor costs for the property under construction. It is non-trade in nature, unsecured, interest-free and repayable on demand.

Other payable to a related party was unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

19 BORROWINGS

| | Group | |
|------------------|----------------|---------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| <u>Secured</u> | | |
| Term loans | 4,705 | 7,278 |
| Trust receipts | 1,060 | 1,303 |
| Finance lease | 1,237 | 687 |
| <u>Unsecured</u> | | |
| Others | 8 | 8 |
| | 7,010 | 9,276 |
| Less: | | |
| Current | (3,408) | (2,955) |
| Non-current | 3,602 | 6,321 |

During the financial year, the average effective interest rates per annum of the borrowings were as follows:

| | Group | |
|----------------|------------------|-----------|
| | 2021 | 2020 |
| | % | % |
| <u>Secured</u> | | |
| Term loans | 3.00-4.48 | 3.00-4.48 |
| Trust receipts | 2.56-5.75 | 2.57-5.75 |
| Finance lease | 4.49-5.83 | 5.56-7.33 |

As at 31 December 2021, where applicable, unless otherwise stated in the financial statements, the secured term loans and trust receipts were supported by:

- (i) Legal mortgage on leasehold property and plant and equipment (Note 15); and
- (ii) Guarantees by certain shareholders and directors.

Bank borrowings are denominated in the Singapore Dollars.

As at 31 December, the Group had credit facilities as follows:

| | Group | |
|---------------------|--------------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Facilities granted | 17,155 | 22,324 |
| Facilities utilised | 9,786 | 9,276 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

20 LEASES

The Group leases land under a 19-year lease arrangement, with no option to renew the lease after that date. Lease payments are made annually and are subjected to revision every year based on the prevailing market rate but any increase will not exceed 3% of the annual rent in the immediate preceding year. The Group is restricted from entering into any sublease arrangement for this lease.

The Group leases certain office equipment for five years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under such leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

Extension options

The Group has several lease contracts with extension options exercisable by the Group up to 3 months before the end of the non-cancellable contract period. These extension options are exercisable by the Group and not by the lessors. The extension options are used by the Group to provide operation flexibility in terms of managing the assets used in the Group's operation.

Recognition exemptions

The Group has certain IT equipment, short-term rental of workers' dormitory and office equipment with lease terms of 12 months or less and/or of low value. For such leases, the Group has elected not to recognise right-of use assets and lease liabilities.

The operating lease commitments for short term leases is disclosed in Note 24.

(a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset are as follows:

| Group | Leasehold land \$'000 | Office equipment \$'000 | Total \$'000 |
|---------------------|--------------------------------------|--|-------------------------|
| At 1 January 2020 | 749 | 59 | 808 |
| Addition | – | 31 | 31 |
| Depreciation | (40) | (15) | (55) |
| At 31 December 2020 | 709 | 75 | 784 |
| Depreciation | (41) | (21) | (62) |
| At 31 December 2021 | 668 | 54 | 722 |

The total cash outflow for leases during the financial year is approximately \$904,000 (2020: \$1,106,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

20 LEASES (CONTINUED)

Recognition exemptions (Continued)

(b) Lease liabilities

| | Group | |
|-------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Current | 49 | 46 |
| Non-current | 716 | 765 |
| | 765 | 811 |

(c) Amount recognised in profit or loss

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Interest expense on lease liabilities | 42 | 43 |
| Expenses relating to short term leases | 816 | 1,023 |

21 DEFERRED TAX LIABILITIES

The following are deferred tax liabilities recognised by the Group and movements thereon during the year.

| | Group Accelerated tax depreciation \$'000 |
|---|--|
| Balance at 1 January 2020 | 92 |
| Charged to profit or loss for the year (Note 9) | (10) |
| Balance at 31 December 2020 | 82 |
| Charged to profit or loss for the year (Note 9) | 30 |
| Balance at 31 December 2021 | 112 |

22 SHARE CAPITAL

| | Group | |
|----------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| At beginning of year | 3,350 | 2,850 |
| Issuance of shares | - | 500 |
| At end of year | 3,350 | 3,350 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

22 SHARE CAPITAL (CONTINUED)

For the purpose of the preparation of the combined statement of financial position, other reserve represents the aggregated amount of issued and paid-up share capital of all the companies making up the Group.

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company. Issuance of shares pertains to the increase in combines share capital to finance the Group's working capital requirements. For the purpose of the preparation of the combines statement of financial position, issued share capital as of 31 December 2021 and 31 December 2020 represent the aggregated number of issued share capital of all the subsidiaries within the Group.

23 DIVIDENDS

During the financial year ended 31 December 2021 and 31 December 2020, Digo Corporation Pte. Ltd. declared approximately \$4,000,000 and \$1,600,000 respectively, dividends to its shareholders.

| | Group | |
|---|--------------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| <i>Declared during the financial year:</i> | | |
| <u>Dividends on ordinary shares</u> | | |
| Interim tax-exempt dividend for January 2020: \$0.3334 per share | – | 500 |
| Interim tax-exempt dividend for February 2020: \$0.0667 per share | – | 100 |
| Interim tax-exempt dividend for March 2020: \$0.0667 per share | – | 100 |
| Interim tax-exempt dividend for June 2020: \$0.3334 per share | – | 500 |
| Interim tax-exempt dividend for December 2020: \$0.2000 per share | – | 400 |
| Interim tax-exempt dividend for December 2021: \$2.0000 per share | 4,000 | – |
| | 4,000 | 1,600 |

| | Group | |
|--|--------------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| <i>Dividends were settled as follows:</i> | | |
| <u>Cash paid during the financial year</u> | | |
| Interim tax-exempt dividend in respect of the financial year ended | 4,000 | 1,200 |
| Total dividends settled during the financial year | 4,000 | 1,200 |
| Proposed dividends on ordinary shares: | | |
| Final tax-exempt dividend of \$0.2712 cent per share in respect of 31 December 2021 | 500 | – |

Subsequent to 31 December 2021, the Directors of the Company recommended a final tax-exempt dividend of \$0.2712 cent per ordinary share amounting to \$0.5 million for financial year 31 December 2021 ("Final Dividend"). The Final Dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

24 OPERATING LEASE COMMITMENTS

Lessee

The Group leases dormitories under lease agreements that are non-cancellable. The leases have lease term ranging within 1 year and lease payments are usually revised at each renewal date to reflect the market rate.

Future minimum lease payments under these non-cancellable operating leases are as follows:

| | Group | |
|-----------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Not later than one (1) year | <u>723</u> | <u>189</u> |

25 CAPITAL COMMITMENTS

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Capital expenditure contracted but not provided for – Commitments for the property under construction | <u>-</u> | <u>1,776</u> |

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

26 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) An entity is related to the Group and the Company if any of the following conditions applies: (Continued)
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect of the Group's and Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

| | Group | |
|------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Short-term employee benefits | 1,065 | 1,050 |
| Defined contribution plan | 69 | 63 |
| | 1,134 | 1,113 |

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group with its related party during the financial year:

| | Group | |
|--------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| <u>Accentury Pte. Ltd.*</u> | | |
| Sales of warehouse | 750 | – |
| Purchase of goods and services | 1,129 | 2,501 |

* The shareholders of Accentury Pte. Ltd. ("Accentury") are Ms. Pow Pei San (Ms. Bao Peishan) and Ms. Cheng Chew Hun, who are the spouses of Mr. Low Siong Yong and Mr. Tai Yoon On, and who hold 55.0% and 45.0% of the issued and paid-up shares of Accentury on trust for Mr. Low Siong Yong and Mr. Tai Yoon On respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

27 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

Management considers that the entire Group's operations constitute a single segment which is in the business of building construction in Singapore. Management assesses the performance of the Group's operations based on the profit before tax, total assets and total liabilities which are measured in a manner consistent with that of the financial statements of the Group.

The Group's reportable segments under SFRS(I) 8 are therefore as follows:

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group under SFRS(I) 8.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

The Group's reportable segments under SFRS(I) 8 are therefore as follows:

- (1) Integrated building services ("IBS")
- (2) Mechanical and electrical ("M&E")
- (3) Alteration and addition ("A&A")

Segment revenue represents revenue generated from external and internal customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. This is the measure reported to the chief operating maker for the purpose of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

27 SEGMENT INFORMATION (CONTINUED)

Assets and liabilities are not allocated by segment as they are not considered critical by the chief operating decision maker in resource allocation and assessment of segment performance.

| | 2021 | 2020 |
|--|----------------|---------------|
| | \$'000 | \$'000 |
| Segment revenue | | |
| – IBS | 35,773 | 29,447 |
| – M&E | 12,570 | 4,342 |
| – A&A | 3,547 | 4,136 |
| Total | 51,890 | 37,925 |
| Segment results | | |
| Profit from operations: | | |
| – IBS | 11,114 | 9,389 |
| – M&E | 1,043 | 629 |
| – A&A | 715 | 888 |
| Total | 12,872 | 10,906 |
| Other income | 3,390 | 397 |
| Distribution expenses | (47) | (82) |
| Administrative expenses | (5,029) | (3,863) |
| Loss allowance on financial assets and contract assets | (88) | (892) |
| Finance cost | (382) | (335) |
| Profit before income tax | 10,716 | 6,131 |
| Income tax expense | (1,432) | (1,086) |
| Profit for the financial year | 9,284 | 5,045 |

28 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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

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

Financial risk management is carried out by the Group's treasury department ("Group Treasury") in accordance with the policies set by the management. The Group Treasury identifies, evaluates and manages financial risks in close cooperation with the Group's operating units. The reporting team of Group Treasury measures actual exposures against the limits set and prepares daily reports for review by the Heads of Group Treasury and each operating unit. Regular reports are also submitted to the management and the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

28 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

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

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances, trade and other receivables, other debt instruments carried at amortised cost and FVTOCI as well as contract assets. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

The Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

| Category | Description | Basis of recognising ECL |
|----------|--|--|
| 1 | Low credit risk ^{Note 1} | 12-months ECL |
| 2 | Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due | 12-months ECL |
| 3 | Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is > 30 days past due | Lifetime ECL |
| 4 | Evidence indicates that financial asset is credit-impaired ^{Note 3} | Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate |
| 5 | Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4} | Written off |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

28 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

28 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables (Note 12) and contract assets (Note 13)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables and contract assets, where the loss allowance is equal to lifetime ECL.

The contract assets relate mainly to unbilled revenue and have substantially the same risk characteristics as trade receivables for the same type of contracts. Therefore, the Group concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the credit loss rates of the contract assets.

The ECL for trade receivables and contract assets are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (e.g. Singapore) and the growth rates of the major industries which its customers operate in.

Trade receivables and contract assets are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

28 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

The loss allowance for trade receivables and contract assets are determined as follows:

| Group | Current | Past due more than 1 to 30 days | Past due more than 31 to 60 days | Past due more than 61 to 90 days | Past due more than 91 to 180 days | Past due more than 180 days | Total |
|---|---------|--|---|---|--|-----------------------------------|--------|
| 31 December 2021 | | | | | | | |
| Expected credit loss rates | 0.70% | 2.28% | 3.95% | 6.58% | 6.24% | 70.40% | 26.90% |
| Trade receivables (gross) (\$'000) | 2,137 | 855 | 1,071 | 469 | 408 | 2,750 | 7,690 |
| Loss allowance on trade receivables (\$'000) | 15 | 19 | 42 | 31 | 25 | 1,937 | 2,069 |
| Contract assets (gross) (\$'000) | 14,565 | - | - | - | - | 1,639 | 16,204 |
| Loss allowance on contract assets (\$'000) | - | - | - | - | - | 1,639 | 1,639 |
| 31 December 2020 | | | | | | | |
| Expected credit loss rates | 0.13% | 2.09% | 3.41% | 4.03% | 4.61% | 43.85% | 17.00% |
| Trade receivables (gross) (\$'000) | 1,649 | 910 | 498 | 248 | 499 | 4,349 | 8,153 |
| Loss allowance on trade receivables (\$'000) | 19 | 19 | 17 | 10 | 23 | 1,907 | 1,995 |
| Contract assets (gross) (\$'000) | 13,223 | - | - | - | - | 1,639 | 14,862 |
| Loss allowance on contract assets (\$'000) | - | - | - | - | - | 1,639 | 1,639 |

Advance payment to suppliers, other receivables and deposits (Note 12)

As of 31 December 2021, the Company recorded advance payment to suppliers, other receivables and deposits of approximately \$650,000 (2020: \$507,000), \$90,000 (2020: \$87,000) and \$290,000 (2020: \$318,000) respectively. The Company assessed the loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the advance payment to suppliers, other receivables and deposits, the Group considered amongst other factors, the financial position of these receivables as of 31 December 2021, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables and contracts assets is as follows:

| Group | Trade receivables | | Contract assets | | Other receivables | | | |
|-------------------------------------|--------------------|----------------------|-----------------|--------------------|----------------------|-----------------|----------------------|-----------------|
| | Note (i) \$'000 | Category 4 \$'000 | Total \$'000 | Note (i) \$'000 | Category 4 \$'000 | Total \$'000 | Category 2 \$'000 | Total \$'000 |
| Internal credit risk grading | | | | | | | | |
| Loss allowance | | | | | | | | |
| Balance at 1 January 2020 | 14 | 1,003 | 1,017 | - | 1,725 | 1,725 | - | - |
| New financial assets recognised | - | - | - | - | (909) | (909) | - | - |
| Impairment loss recognised | 121 | 857 | 978 | - | 823 | 823 | - | - |
| Balance at 31 December 2020 | 135 | 1,860 | 1,995 | - | 1,639 | 1,639 | - | - |
| Impairment loss recognised | 74 | - | 74 | - | - | - | - | - |
| Balance at 31 December 2021 | 209 | 1,860 | 2,069 | - | 1,639 | 1,639 | - | - |
| Gross carrying amount | | | | | | | | |
| At 31 December 2020 | 4,248 | 3,905 | 8,153 | 13,223 | 1,639 | 14,862 | 1,449 | 1,449 |
| At 31 December 2021 | 5,830 | 1,860 | 7,690 | 14,565 | 1,639 | 16,204 | 1,393 | 1,393 |
| Net carrying amount | | | | | | | | |
| At 31 December 2020 | 4,113 | 2,045 | 6,158 | 13,223 | - | 13,223 | 1,449 | 1,449 |
| At 31 December 2021 | 5,621 | - | 5,621 | 14,565 | - | 14,565 | 1,393 | 1,393 |

Note

(i) For trade receivables and contract assets, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

The Group's impaired trade receivables at 31 December 2021 had a gross carrying amount of \$1,860,000 (2020: \$3,905,000). The impairment losses of the Group related to several customers that the Group was not expecting to be able to collect the outstanding balances, mainly due to economic circumstances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

28 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments:

| Group | Effective interest rate % | Less than 1 year \$'000 | 2 to 5 years \$'000 | Over 5 years \$'000 | Total \$'000 |
|--|---------------------------------|-------------------------------|------------------------|------------------------|-----------------|
| Undiscounted Financial Assets | | | | | |
| Cash and bank balances | | 2,261 | – | – | 2,261 |
| Trade and other receivables | | 6,001 | – | – | 6,001 |
| As at 31 December 2021 | | 8,262 | – | – | 8,262 |
| Cash and bank balances | | 1,603 | – | – | 1,603 |
| Trade and other receivables | | 6,931 | – | – | 6,931 |
| As at 31 December 2020 | | 8,534 | – | – | 8,534 |
| Undiscounted Financial Liabilities | | | | | |
| Trade and other payables | | 7,678 | – | – | 7,678 |
| Lease liabilities (Note 20) | 5.41% | 49 | 162 | 554 | 765 |
| Bank borrowings (Note 19) | 3.44% | 2,584 | 4,304 | 122 | 7,010 |
| As at 31 December 2021 | | 10,311 | 4,466 | 676 | 15,453 |
| Trade and other payables | | 10,955 | – | – | 10,955 |
| Lease liabilities (Note 20) | 5.41% | 46 | 207 | 558 | 811 |
| Bank borrowings (Note 19) | 4.27% | 2,955 | 5,319 | 1,002 | 9,276 |
| As at 31 December 2020 | | 13,956 | 5,526 | 1,560 | 21,042 |
| Net contractual undiscounted cash flows | | | | | |
| – at 31 December 2021 | | (2,049) | (4,466) | (676) | (7,191) |
| – at 31 December 2020 | | (5,422) | (5,526) | (1,560) | (12,508) |

As at the reporting date, the financial assets and liabilities of the Company mature within one year and the carrying amounts reflected in the financial statements represent the undiscounted contractual repayment obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

28 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risk (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk relate to interest bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

The Group's interest rate risk arise primarily from the floating rate borrowings with financial institutions.

At the reporting date, the Group's floating rate borrowings are disclosed as follows:

| | Group | |
|----------------|---------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Term loans | 4,705 | 7,278 |
| Trust receipts | 1,060 | 1,303 |
| Finance lease | 1,237 | 687 |
| | 7,002 | 9,268 |

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank deposits and interest-bearing financial liabilities at the end of the financial year and the stipulated change taking place at the beginning of the year and held constant throughout the financial year in the case of instruments that have floating rates. A 100-basis point increase or decrease is used and represents management's assessment of the possible change in interest rates.

A change of 100 basis points (bps) in interest rates at the reporting date would have increased/(decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

| | Group | |
|-----------------|---------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| 100 bp increase | 58 | 77 |
| 100 bp decrease | (58) | (77) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

29 FAIR VALUE OF ASSETS AND LIABILITIES

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables are approximate their respective fair values due to the relative short term maturity of these financial instruments. The carrying amounts of the bank borrowings and finance lease payables approximate their fair values as they are subjected to floating interest rates and at prevailing market rate respectively.

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

- (a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- (b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.
- (c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

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.

Level 3

Investment property

The investment property was valued using the market comparable approach which estimates the Property's fair value based on comparable transactions and used in combination with term and reversion method.

The market comparable approach estimates the property's fair value based on comparable transactions. The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing lease with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates. The market comparable approach is often used in combination with the reversion method as many inputs to the method are based on market comparison.

Summary of the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements.

| Description | Valuation technique(s) | Unobservable inputs | Group | |
|-----------------------------|----------------------------|---------------------|------------|------------|
| | | | 2021 \$ | 2020 \$ |
| Investment property: | | | | |
| Commercial | Market comparable approach | Price per sqm | – | 3,947 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

29 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Valuation policies and procedures

The management oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

It is the Group's policy that where assessed necessary by the local management, the Group would engage experts to perform significant financial reporting valuations. The management is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

The management also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

The analysis and results of the external valuations are then presented to the Board of Directors for approval.

During the financial year, there is no change in the applicable valuation techniques.

30 CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debts, which includes the borrowings and lease liabilities disclosed in Note 19 and 20 and equity attributable to owners of the Company, comprising issued capital as disclosed in Note 22.

The Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from 2020 and 2021.

Management monitors capital based on a gearing ratio and the gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus lease liabilities less cash and cash equivalents.

| | Group | |
|---------------|---------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Net debt | 5,514 | 8,484 |
| Total equity | 17,979 | 12,695 |
| Gearing ratio | 31% | 67% |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

31 EVENTS SUBSEQUENT TO REPORTING PERIOD

- (i) On 18 January 2022, the Group has completed the Restructuring Exercise (including the Share Split) as detailed in Note 2.
- (ii) On 28 January 2022, the Group was listed on Catalist board of Singapore Exchange Securities Trading Limited. Pursuant to placement, the Company allotted and issued 32,000,000 new shares at \$0.31 each on 27 January 2022 and the issued and paid-up share capital of the Company became \$22,615,000 comprising 184,340,000 shares.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MAY 2022

| | | |
|----------------------------------|---|-----------------------------|
| Issued and fully paid-up capital | : | S\$22,615,000 |
| Class of shares | : | Ordinary shares |
| Voting rights | : | One vote per ordinary share |
| Number of issued shares | : | 184,340,000 |
| Number of treasury shares | : | Nil |
| Number of subsidiary holdings | : | Nil |

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | Number of Shareholders | % | Number of Shares | % |
|-----------------------|------------------------|---------------|--------------------|---------------|
| 100 – 1,000 | 4 | 2.31 | 2,600 | 0.00 |
| 1,001 – 10,000 | 46 | 26.59 | 360,500 | 0.20 |
| 10,001 – 1,000,000 | 110 | 63.58 | 13,021,800 | 7.06 |
| 1,000,001 & above | 13 | 7.52 | 170,955,100 | 92.74 |
| | 173 | 100.00 | 184,340,000 | 100.00 |

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

| | Direct Interest | % ⁽³⁾ | Deemed Interest | % ⁽³⁾ |
|---|-----------------|------------------|-----------------|------------------|
| Skky Investments Pte. Ltd. ⁽¹⁾ | 81,037,000 | 43.96 | – | – |
| Lezo Holdings Pte. Ltd. ⁽²⁾ | 66,303,000 | 35.97 | – | – |
| Low Siong Yong ⁽¹⁾ | – | – | 81,037,000 | 43.96 |
| Tai Yoon On ⁽²⁾ | – | – | 66,303,000 | 35.97 |

Notes:

- (1) Mr. Low Siong Yong owns the entire issued and paid-up share capital of Skky Investments Pte. Ltd. and is its sole director. Accordingly, pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore (“SFA”), Mr. Low Siong Yong is treated as having an interest in the shares in the issued share capital of the Company (“Shares”) held by Skky Investments Pte. Ltd..
- (2) Mr. Tai Yoon On owns the entire issued and paid-up share capital of Lezo Holdings Pte. Ltd. and is its sole director. Accordingly, pursuant to Section 4 of the SFA, Mr. Tai Yoon On is treated as having an interest in the Shares held by Lezo Holdings Pte. Ltd..
- (3) The percentage is calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) comprising 184,340,000 Shares.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MAY 2022

TWENTY LARGEST SHAREHOLDERS

| No. | Name of Shareholders | Number of Shares | % |
|-----|---|--------------------|--------------|
| 1. | SKKY INVESTMENTS PTE. LTD. | 81,037,000 | 43.96 |
| 2. | LEZO HOLDINGS PTE. LTD. | 66,303,000 | 35.97 |
| 3. | UOB KAY HIAN PRIVATE LIMITED | 7,691,300 | 4.17 |
| 4. | MAH BOW TAN | 3,228,000 | 1.75 |
| 5. | BICO HOLDINGS PTE LTD | 2,080,000 | 1.13 |
| 6. | CITIBANK NOMINEES SINGAPORE PTE LTD | 1,962,000 | 1.06 |
| 7. | CHONG WENG CHIEW | 1,880,000 | 1.02 |
| 8. | BEH SIM LIM | 1,348,000 | 0.73 |
| 9. | LEE SEUNG MAN | 1,200,900 | 0.65 |
| 10. | DBS NOMINEES (PRIVATE) LIMITED | 1,148,300 | 0.62 |
| 11. | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 1,053,000 | 0.57 |
| 12. | OCBC SECURITIES PRIVATE LIMITED | 1,019,800 | 0.55 |
| 13. | RAFFLES NOMINEES (PTE.) LIMITED | 1,003,800 | 0.54 |
| 14. | POLOS CAPITAL PTE LTD | 1,000,000 | 0.54 |
| 15. | CJN CAPITAL PTE LTD | 761,300 | 0.41 |
| 16. | AMY ONG POH LING (AMY WANG BAOLING) | 550,000 | 0.30 |
| 17. | ABN AMRO CLEARING BANK N.V. | 524,800 | 0.28 |
| 18. | HARALALKA ATIMA | 450,000 | 0.24 |
| 19. | TOE TEOW HENG | 448,000 | 0.24 |
| 20. | LIM THENG SIAN | 300,000 | 0.16 |
| | Total: | 174,989,200 | 94.89 |

PERCENTAGE OF SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 May 2022, approximately 20.07% of the Shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“**AGM**” or the “**Meeting**”) of Alpina Holdings Limited (the “**Company**”) will be convened and held by way of electronic means on Monday, 27 June 2022 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the directors’ statement and the audited financial statements of the Company for the financial year ended 31 December 2021 (“**FY2021**”) together with the independent auditors’ report thereon. **(Resolution 1)**
2. To declare a final tax exempt (one-tier) dividend of 0.2712 Singapore cents per ordinary share (“**Share**”) for FY2021. **(Resolution 2)**
3. To approve the payment of directors’ fees of S\$135,000 for the financial year ending 31 December 2022, payable half-yearly in arrears. **(Resolution 3)**
4. To re-elect Mr. Low Siong Yong as a director of the Company (“**Director**”), who is retiring pursuant to Regulation 100 of the constitution of the Company (“**Constitution**”), and who, being eligible, offer himself for re-election. **(Resolution 4)**
(See Explanatory Note 1)
5. To re-elect Mr. Ong Beng Chye as a Director, who is retiring pursuant to Regulation 104 of the Constitution, and who, being eligible, offer himself for re-election. **(Resolution 5)**
(See Explanatory Note 2)
6. To re-elect Mr. Own Seak Chin @ Woon Seak Chin (“**Mr. Marcus Woon**”) as a Director, who is retiring pursuant to Regulation 104 of the Constitution, and who, being eligible, offer himself for re-election. **(Resolution 6)**
(See Explanatory Note 3)
7. To re-elect Mr. Chan Jer Hiang as a Director, who is retiring pursuant to Regulation 104 of the Company’s Constitution, and who, being eligible, offer himself for re-election. **(Resolution 7)**
(See Explanatory Note 4)
8. To re-appoint Messrs Mazars LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**
9. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

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

10. Authority to allot and issue new Shares

That pursuant to Section 161 of the Companies Act 1967 (“**Act**”) and Rule 806 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), the Directors be and hereby authorised and empowered to:

- (a) (i) allot and issue Shares whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

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

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

- (b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution), to be issued pursuant to this resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (“**Shareholders**”) shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;
 - (b) new Shares arising from exercising of share options or vesting of share awards; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(See *Explanatory Note 5*)

(Resolution 9)

11. **Renewal of the General Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Catalist Rules:

- (a) approval be and is hereby given for the renewal of the general mandate permitting the Company, its subsidiaries and associated companies to enter into any of the transactions falling within the categories of interested person transactions (“**Mandated Transactions**”) as set out in the appendix (“**Appendix**”) to this notice of AGM (“**Notice**”) with any party who is of the class of interested persons described in the Appendix, provided that such Mandated Transactions are carried out on normal commercial terms which are not prejudicial to the interests of the Company and its minority Shareholders and are in accordance with the review procedures for such Mandated Transactions as set out in the Appendix (“**IPM General Mandate**”);

NOTICE OF ANNUAL GENERAL MEETING

- (b) the IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier; and
- (c) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT General Mandate as they may think fit.

(See *Explanatory Note 6*)

(Resolution 10)

Explanatory Notes:

- (1) Mr. Low Siong Yong will, upon re-election as a Director, remain as Executive Chairman and Chief Executive Officer of the Company. Pursuant to Rule 720(5) of the Catalist Rules, further information on Mr. Low Siong Yong is set out on pages 112 to 120 of the Company's annual report for FY2021 ("**FY2021 Annual Report**").
- (2) Mr. Ong Beng Chye will, upon re-election as a Director, remain as a Non-Executive, Lead Independent Director, the Chairman of the Nominating Committee ("**NC**") and member of the Audit Committee ("**AC**") and the Remuneration Committee ("**RC**") of the Company. The Board considers Mr. Ong Beng Chye to be independent for the purpose of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, further information on Mr. Ong Beng Chye is set out on pages 112 to 120 of the FY2021 Annual Report.
- (3) Mr. Marcus Woon will, upon re-election as a Director, remain as a Non-Executive, Independent Director, the Chairman of the AC and member of the NC and the RC. The Board considers Mr. Marcus Woon to be independent for the purpose of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, further information on Mr. Marcus Woon is set out on pages 112 to 120 of the FY2021 Annual Report.
- (4) Mr. Chan Jer Hiang will, upon re-election as a Director, remain as a Non-Executive, Independent Director, the Chairman of the RC and member of the AC and the NC. The Board considers Mr. Chan Jer Hiang to be independent for the purpose of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, further information on Mr. Chan Jer Hiang is set out on pages 112 to 120 of the FY2021 Annual Report.
- (5) Ordinary Resolution 9 in item 10 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holding), of which up to 50% may be issued other than on a pro-rata basis to Shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holding) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holding) at the time this resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

- (6) Ordinary Resolution 10 in item 11 above, if passed, will authorise the Mandated Transactions as described in the Appendix and recurring in the year and will empower the Directors to do all acts necessary to give effect to the IPT General Mandate. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier. Further information in relation to the proposed renewal of the IPT General Mandate is set out in the Appendix.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF RECORD AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that, subject to Shareholders' approval for the proposed final tax exempt (one-tier) dividend of 0.2712 Singapore cents per Share for FY2021 ("**Proposed Final Dividend**") at the forthcoming AGM of the Company to be held on Monday, 27 June 2022, the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 8 July 2022 for the purpose of determining members' entitlements to the Proposed Final Dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632 up to 5.00 p.m. on 8 July 2022 will be registered to determine members' entitlements to the Proposed Final Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with the Shares as at 5.00 p.m. on 8 July 2022 will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved by Shareholders at the forthcoming AGM of the Company to be held on 27 June 2022, will be paid on 18 July 2022.

BY ORDER OF THE BOARD

Zhan Aijuan
Company Secretary
Singapore, 10 June 2022

IMPORTANT NOTICE TO SHAREHOLDERS REGARDING THE COMPANY'S AGM

The forthcoming AGM of the Company is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Shareholders will not be able to attend the Meeting in person and Shareholders (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such Member wishes to exercise his/her/its voting rights at the Meeting.

The Company will not be issuing printed copies of this Notice, the proxy form and the FY2021 Annual Report to the Shareholders and members. Instead, the Notice, the proxy form and the FY2021 Annual Report are accessible by electronic means *via* the Company's website at <https://alpinaholdings.com.sg/> and on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>.

A Shareholder who is a relevant intermediary entitled to vote at the Meeting must appoint the Chairman of the Meeting to attend and vote instead of the Member.

"**Relevant intermediary**" means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds shares in that capacity; or
- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

PARTICIPATION IN THE AGM VIA “LIVE” WEBCAST OR “LIVE” AUDIO FEED

1. As the forthcoming AGM of the Company will be held by way of electronic means, Shareholders will **NOT** be able to attend the AGM in person. All Shareholders or their corporate representative (in the case of Shareholders who are legal entities) will be able to participate in the AGM proceedings by accessing a “live” webcast or “live” audio feed. To do so, Shareholders are required to pre-register their participation in the AGM by accessing the site <https://smartagm.sg/ALPINA2022AGM> by 10.00 a.m. on Friday, 24 June 2022 (“**Registration Deadline**”) for verification of their status as Shareholders (or corporate representative of such Shareholders) (“**Pre-registration**”).
2. Upon successful verification, each such Shareholder or its corporate representative will receive an email by 12.00 p.m. on Sunday, 26 June 2022. The email will contain instructions to access the “live” webcast or “live” audio feed of the AGM proceedings.
3. Shareholders or their corporate representative must not forward the email to other persons who are not Shareholders and who are not entitled to participate in the AGM. Shareholders or their corporate representatives who have pre-registered by the Registration Deadline but do not receive an email by 12.00 p.m. on Sunday, 26 June 2022 should contact the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at +65 6536 5355 (Mondays to Fridays, excluding public holidays, from 8.30 a.m. to 5.30 p.m.) or at the email address AGM.TeamE@boardroomlimited.com.
4. Shareholders holding Shares through relevant intermediaries (other than CPF or SRS investors) will not be able to pre-register for the “live” webcast or “live” audio feed of the AGM. Such members who wish to participate in the “live” webcast or “live” audio feed of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements.

VOTING BY PROXY

1. Shareholders may only exercise their voting rights at the AGM *via* proxy voting.

Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as their proxy to do so on their behalf. In the proxy form, a Shareholder should specifically direct the Chairman of the AGM on whether to vote for or vote against or abstain from voting on each resolution to be tabled at the AGM, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

2. The instrument appointing the Chairman of the AGM as proxy must be:
 - (i) deposited at the registered office of the Company at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118; or
 - (ii) sent by email to enquiry@alpinaholdings.com.sg,

in any case, by 10.00 a.m. on Friday, 24 June 2022, being not less than seventy-two (72) hours before the AGM.

Shareholders are strongly encouraged to submit completed proxy forms electronically *via* email.

3. CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on Wednesday, 15 June 2022) to ensure that their votes are submitted.
4. Please note that Shareholders will not be able to vote through the “live” webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.
5. All documents and information relating to the business of the AGM (including this Notice, the FY2021 Annual Report and the proxy form) have been published on SGXNet and the Company’s website at <https://alpinaholdings.com.sg/>.

NOTICE OF ANNUAL GENERAL MEETING

6. A Depositor's name must appear on the depository register ("**Depository Register**") maintained by The Central Depository (Pte) Limited ("**CDP**") at least seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the AGM by appointing the Chairman of the AGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act 2001, Singapore, a Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the AGM. Any Shareholder who is holding his/her shares *via* the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such Shareholder deposits his/her proxy form seventy-two (72) hours before the AGM, the Chairman of the Meeting who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the AGM.

SUBMISSION OF QUESTIONS PRIOR TO THE AGM

Shareholders will not be able to ask questions during the "live" webcast or "live" audio feed. It is therefore important for Shareholders to register and submit their questions in advance of the AGM.

Shareholders may submit questions relating to the resolutions to be tabled at the AGM *via* email to enquiry@alpinaholdings.com.sg or electronically *via* the AGM portal accessible upon pre-registering at <https://smartagm.sg/ALPINA2022AGM>. Questions must be submitted by email to enquiry@alpinaholdings.com.sg or *via* the AGM portal at <https://smartagm.sg/ALPINA2022AGM> by 10.00 a.m. on Saturday, 18 June 2022 so that relevant and substantial queries will be addressed by the Board of Directors of the Company and published on the SGXNet by 10.00 a.m. on Wednesday, 22 June 2022.

Shareholders or their corporate representative must state his/her full name, and whether he/she is a Shareholder or a corporate representative of a corporate Shareholder and Shareholder's identification or registration number. Any question without the identification details will not be addressed.

The Company shall address relevant and substantial questions before and/or during the AGM and publish the minutes of the AGM on the SGXNet, and the Company's website within one (1) month after the date of the AGM.

PERSONAL DATA PRIVACY:

By (a) submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a member consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as a proxy for the AGM (including any adjournment thereof);
- (ii) the processing of the pre-registration for purposes of granting access to members (or their corporate representatives in the case of Members which are legal entities) to observe the AGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the Catalyst Rules, the information as set out in Appendix 7F of the Catalyst Rules on the Directors who are retiring in accordance with the Company's constitution and seeking re-appointment as Directors at the forthcoming AGM is set out below:

| Name of Director | Low Siong Yong ("Mr. Low") | Ong Beng Chye ("Mr. Richard Ong") | Own Seak Chin @ Woon Seak Chin ("Mr. Marcus Woon") | Chan Jer Hiang ("Mr. Chan") |
|--|--|--|---|--|
| Date of appointment | 8 November 2021 | 30 December 2021 | 30 December 2021 | 30 December 2021 |
| Date of last re-appointment | Not applicable | Not applicable | Not applicable | Not applicable |
| Age | 49 | 54 | 44 | 62 |
| Country of principal residence | Singapore | Singapore | Singapore | Singapore |
| The Board's comments on the appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr. Low as the Executive Chairman and Chief Executive Officer ("CEO") of the Company was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director. | The re-election of Mr. Richard Ong as the Non-Executive and Lead Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director. | The re-election of Mr. Marcus Woon as the Non-Executive and Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director. | The re-election of Mr. Chan as the Non-Executive and Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director. |
| Whether the appointment is executive, and if so the area of responsibility | Executive. Mr. Low is primarily responsible for the overall management and formulation of business strategies of the Group. | Non-Executive | Non-Executive | Non-Executive |
| Job title (e.g. Lead ID, AC Chairman, AC Member etc.) | Executive Chairman and CEO | Non-Executive Lead Independent Director, Chairman of the NC and member of the Audit Committee ("AC") and Remuneration Committee ("RC") | Non-Executive Independent Director, Chairman of the AC and member of the NC and RC | Non-Executive Independent Director, Chairman of the AC and member of the AC and NC |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Professional qualifications | Low Siong Yong ("Mr. Low") | Ong Beng Chye ("Mr. Richard Ong") | Own Seak Chin @ Woon Seak Chin ("Mr. Marcus Woon") | Chan Jer Hiang ("Mr. Chan") |
|---|---|---|---|--|---|
| Working experience and occupation(s) during the past 10 years | <ul style="list-style-type: none"> - Module certificate in M3 industrial installation (National Technical Certificate Grade 3 in Electrical Installation and Servicing) from the Institute of Technical Education in Singapore - Skills Evaluation Certificate in Electrical Wiring Installation from the Construction Industry Development Board in Singapore - Building Construction Supervisors Safety Course Certificate from Ministry of Manpower | <ul style="list-style-type: none"> - Bachelor of Science with Honours, The City University of London - Fellow of the Institute of Chartered Accountants in England and Wales - Chartered Financial Analyst from the Institute of Chartered Financial Analysts - Non-practising member of the Institute of Singapore Chartered Accountants | <ul style="list-style-type: none"> - Third Level Group Diploma in Accounting from London Chamber of Commerce & Industry - Fellow of the Association of Chartered Certified Accountants (ACCA) | <ul style="list-style-type: none"> - Bachelor of Laws (Honours), from National University of Singapore - Practising certificate issued by the Supreme Court of Singapore - A member of Law Society of Singapore and Singapore Academy of Law - A Commissioner for Oaths and Notary Public under the Singapore Academy of Law | <ul style="list-style-type: none"> - June 1989 to Present: Partner of Chan Jer Hiang & Co - October 2011 to Present: Financial Controller and Director of Eaton Industries Pte. Ltd. - October 2009 to September 2011: Financial Controller of Dynamic Colours Limited |
| | <ul style="list-style-type: none"> - December 2021 to Present: Executive Chairman and CEO of the Company - May 2004 to Present: Managing Director of Digo Corporation Pte. Ltd. - February 2015 to Present: General Manager of Kontourz Pte. Ltd. - January 2018 to Present: General Manager of Digo Building Construction Pte. Ltd. | <ul style="list-style-type: none"> - January 2007 to Present: Director of Appleton Global Private Limited - January 2007 to October 2014: Group Financial Controller of Higson International Pte Ltd | | | |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Low Siong Yong ("Mr. Low") | Ong Beng Chye ("Mr. Richard Ong") | Own Seak Chin @ Woon Seak Chin ("Mr. Marcus Woon") | Chan Jer Hiang ("Mr. Chan") |
|--|---|--------------------------------------|--|---|
| Shareholding interest in the listed issuer and its subsidiaries | <p>Direct interest: Nil</p> <p>Deemed interest: 81,037,000 shares in the Company (44.0%)</p> <p>Mr. Low owns the entire issued and paid-up share capital of Skky Investments Pte. Ltd. ("Skky Investments") and is its sole director. Accordingly, he is deemed to be interested in the shares in the Company held by Skky Investments by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore.</p> | Nil | Nil | Nil |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | <p>– Spouse of Ms. Pow Pei San (Bao Peishan) ("Mrs Low"), Fire Safety Director of Digo Corporation Pte. Ltd. and Director of Kontourz Pte. Ltd. and Digo Building Construction Pte. Ltd.</p> <p>– Mr. Low owns the entire issued and paid-up share capital of Skky Investments Pte. Ltd., a controlling shareholder of the Company, and is its sole director</p> | Nil | Nil | <p>The Group had in the past, from time to time, engaged Chan Jer Hiang & Co (which Mr. Chan is a partner of) to provide legal services to the Group. The Executive Chairman and CEO, Mr. Low, and the Executive Director, Mr. Tai Yoon On, had also from time to time, in their personal capacity, engaged Chan Jer Hiang & Co for legal services. Mr. Chan was the engagement partner involved in the provision of professional services by Chan Jer Hiang & Co to the Group and the Executive Directors. Please refer to the Corporate Governance Report on page 21 of this annual report for further details.</p> |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Low Siang Yong ("Mr. Low") | Ong Beng Chye ("Mr. Richard Ong") | Own Seak Chin @ Woon Seak Chin ("Mr. Marcus Woon") | Chan Jer Hiang ("Mr. Chan") |
|--|--|--------------------------------------|--|---|
| Conflict of interest (including any competing business) | Mr. Low is beneficially interested in 55.0% of the issued and paid-up shares of Accentury Pte. Ltd. ("Accentury") held on trust for him by his spouse, Mrs Low. Accentury is a major supplier of the Group. Please refer to the section entitled "Potential Conflicts of Interest" of the Company's offer document dated 21 January 2022, as well as the appendix to Shareholders' dated 10 June 2022 for more details. | Nil | Nil | Save as disclosed, there are no other relationship between Mr. Chan and any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of the principal subsidiaries. |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes | Yes |
| Other Principal Commitment* including Directorship# **Principal Commitments* has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8). | | | | |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | | | | |
|-----------------------------|--|---|--|--|
| Present | <p>Low Siong Yong ("Mr. Low")</p> <p>Present Directorships:</p> <ol style="list-style-type: none"> 1) Digo Corporation Pte. Ltd. 2) Skky Investments Pte. Ltd. 3) Vomica (HK) Co., Limited 4) Star Gain Development Limited 5) Avant Grade Investments Limited 6) Skyhigh Pervade International Limited 7) K-kay Holdings Limited <p>Other Principal Commitments: Nil</p> | <p>Ong Beng Chye ("Mr. Richard Ong")</p> <p>Present Directorships:</p> <ol style="list-style-type: none"> 1) Appleton Global Private Limited 2) CapAllianz Holdings Limited 3) ES Group (Holdings) Limited 4) Gem Corp Services Pte. Ltd. 5) Geo Energy Resources Limited 6) Hafary Holdings Limited 7) IPS Securex Holdings Limited <p>Other Principal Commitments: Nil</p> | <p>Own Seak Chin @ Woon Seak Chin ("Mr. Marcus Woon")</p> <p>Present Directorships: Nil</p> <p>Principal Commitments: Eaton Industries Pte. Ltd.</p> | <p>Chan Jer Hiang ("Mr. Chan")</p> <p>Present Directorships: Nil</p> <p>Principal Commitments: Chan Jer Hiang & Co</p> |
| Past (for the last 5 years) | <p>Past Directorships:</p> <ol style="list-style-type: none"> 1) Digo Building Construction Pte. Ltd. 2) Kontourz Pte. Ltd. 3) Cypark-Digo JV Solar Pte. Ltd. 4) Ji Tian Investments & Trading (S) Pte. Ltd. 5) Mercury Environmental Technology (S) Pte. Ltd. 6) Digo Enterprise Sdn Bhd <p>Other Principal Commitments: Nil</p> | <p>Past Directorships:</p> <ol style="list-style-type: none"> 1) Gem Accounting Pte. Ltd. 2) Heatec Jietong Holdings Ltd. 3) Kiitchen Culture Holdings Ltd. 4) Shin-Omi International Pte. Ltd. <p>Other Principal Commitments: Nil</p> | <p>Past Directorships: Nil</p> <p>Principal Commitments: Nil</p> | <p>Past Directorship: Han Sin Trading Company</p> <p>Principal Commitments: Nil</p> |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Low Siang Yong ("Mr. Low") | Ong Beng Chye ("Mr. Richard Ong") | Own Seak Chin @ Woon Seak Chin ("Mr. Marcus Woon") | Chan Jer Hiang ("Mr. Chan") |
|--|-------------------------------|--------------------------------------|--|--------------------------------|
| <p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</p> | | | | |
| a Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No | No | No |
| b Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No | No | No |
| c Whether there is any unsatisfied judgment against him? | No | No | No | No |
| d Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | No | No |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | e | Low Siang Yong ("Mr. Low") | Ong Beng Chye ("Mr. Richard Ong") | Own Seak Chin @ Woon Seak Chin ("Mr. Marcus Woon") | Chan Jer Hiang ("Mr. Chan") |
|------------------|--|-------------------------------|--------------------------------------|--|--------------------------------|
| f | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No | No | No |
| g | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No | No | No |
| g | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No | No | No |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Low Siang Yong ("Mr. Low") | Ong Beng Chye ("Mr. Richard Ong") | Oon Seak Chin @ Woon Seak Chin ("Mr. Marcus Woon") | Chan Jer Hiang ("Mr. Chan") |
|---|-------------------------------|--------------------------------------|--|--------------------------------|
| h Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No | No | No |
| i Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No | No |
| j Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No | No | No |

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Low Siang Yong ("Mr. Low") | Ong Beng Chye ("Mr. Richard Ong") | Own Seak Chin @ Woon Seak Chin ("Mr. Marcus Woon") | Chan Jer Hiang ("Mr. Chan") |
|---|-------------------------------|--------------------------------------|--|--|
| <p>j (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> | No | No | No | No |
| <p>k Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p> | No | No | No | <p>Yes. Mr. Chan had been the subject of a fine by the Law Society of Singapore amounting to approximately S\$500 in the mid-1990s, for a lapse in client confidentiality controls due to an oversight by a staff member who was under his supervision at that time. The fine had been paid and the matter had been concluded. The Law Society of Singapore had confirmed in November 2021 that it had no records of any previous disciplinary proceedings against Mr. Chan.</p> |

ALPINA HOLDINGS LIMITED
(Company Registration No.: 202138650H)
(Incorporated in the Republic of Singapore)

IMPORTANT:

- Shareholders will not be able to attend the annual general meeting ("AGM" or "Meeting") in person. Instead, alternative arrangements set out in the notice of AGM dated 10 June 2022 ("Notice") have been put in place to allow members to participate at the AGM. **Shareholders (whether individual or corporate) who wish to vote on any or all of the resolutions of the AGM must appoint the Chairman of the Meeting as his/her/its proxy to do so on their behalf, by giving specific instructions as to voting, or abstentions from voting, failing which the appointment of Chairman of the Meeting as proxy for the AGM will be treated as invalid.**
- For investors who have used their CPF/SRS monies to purchase the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF or SRS investors who wish to appoint the Chairman of the Meeting as their proxy to vote on their behalf should approach their respective Agent Banks or SRS Operators at least seven (7) working days before the AGM to specify voting instructions and to ensure that their votes are submitted.
- By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

PROXY FORM
ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Proxy Form)

*I/We, _____ (Name) _____ (NRIC/Passport/Co Reg No.)
of _____ (Address)

being a *member/members of Alpina Holdings Limited (the "**Company**"), hereby appoint the Chairman of the AGM as *my/our proxy to attend and vote for *me/us on *my/our behalf at the AGM of the Company to be held by way of electronic means on Monday, 27 June 2022 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

Voting will be conducted by poll. If you wish for the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a resolution, please tick (✓) within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution.

If you wish for the Chairman of the AGM as your proxy to abstain from voting on a resolution, please tick (✓) in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of votes that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution.

| No. | Ordinary Resolutions | Number of Votes 'For' | Number of Votes 'Against' | Number of Votes 'Abstain' |
|-----|--|-----------------------|---------------------------|---------------------------|
| 1 | Receive and adopt the Directors' statement and the audited financial statements of the Company for the financial year ended 31 December 2021 (" FY2021 ") | | | |
| 2 | Payment of a final tax exempt (one-tier) dividend of 0.2712 Singapore cents per ordinary share (" Share ") for FY2021 | | | |
| 3 | Approval of Directors' fees of S\$135,000 for the financial year ending 31 December 2022, to be paid half yearly in arrears | | | |
| 4 | Re-election of Mr. Low Siong Yong as a director of the Company (" Director ") | | | |
| 5 | Re-election of Mr. Ong Beng Chye as a Director | | | |
| 6 | Re-election of Mr. Marcus Woon as a Director | | | |
| 7 | Re-election of Mr. Chan Jer Hiang as a Director | | | |
| 8 | Re-appointment of Messrs Mazars LLP as the Auditors of the Company | | | |
| 9 | Authority to allot and issue Shares | | | |
| 10 | Renewal of the General Mandate for Interested Person Transactions | | | |

Dated this _____ day of _____ 2022

| Total number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. **The AGM will be held by way of electronic means and Shareholders will NOT be able to attend the AGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her proxy to vote on his/her behalf at the AGM if such Shareholders wishes to exercise his/her voting rights at the AGM. This proxy form has been made available on SGXNET at <https://www.sgx.com/securities/company-announcements> and may be accessed at the Company's website at <https://alpinaholdings.com.sg/>.**
3. CPF or SRS Investor who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM on Wednesday, 15 June 2022 at 5.00 p.m. to ensure that sufficient time is given to their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on behalf by the cut-off date. "Relevant intermediary" is defined under Section 181(6) of the Companies Act 1967 as:
 - (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Where a Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
5. The instrument appointing the Chairman of the AGM as proxy must be:
 - (a) deposited at the registered office of the Company at **54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118**; or
 - (b) sent by email to enquiry@alpinaholdings.com.sg.

in any case, by 10.00 a.m. on Friday, 24 June 2022, being not less than seventy-two (72) hours before the AGM, failing which the Company shall be entitled to regard the instrument of proxy as invalid.

Shareholders are strongly encouraged to submit completed proxy forms electronically *via* email.

6. The instrument appointing the Chairman of the AGM must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the AGM as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the AGM as proxy is submitted electronically *via* email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the pre-registration in accordance with the Notice, or (c) submitting any question prior to the AGM in accordance with the Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administering by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as a proxy for the AGM (including any adjournment thereof);
- (ii) the processing of the pre-registration for purposes of granting access to members (or their corporate representatives in the case of members which are legal entities) to the live webcast of the AGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS HEREIN OR AS TO ANY ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BROKER, BANK MANAGER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This Appendix (as defined herein) is circulated to the shareholders (“**Shareholders**”) of Alpina Holdings Limited (“**Company**”) together with the Company’s annual report for the financial year ended 31 December 2021 (“**Annual Report**”). The purpose of this Appendix is to provide information to Shareholders in relation to, and seek Shareholders’ approval for, the proposed renewal of the IPT General Mandate (as defined herein) to be tabled at the AGM (as defined herein) to be held on 27 June 2022 at 10.00 a.m. by way of electronic means.

The notice of AGM dated 10 June 2022 (“**Notice of AGM**”) and the Proxy Form are enclosed with the Annual Report.

Alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) observing and/or listening to the proceedings via “live” audio-visual webcast or “live” audio-only stream; (b) submitting questions relating to the resolutions to be tabled for approval in advance of the AGM; and (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM. Please refer to the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM. Due to the evolving COVID-19 situation in Singapore, the Company may be required to change its AGM arrangements at short notice. Shareholders should check the Company’s website at <https://alpinaholdings.com.sg/> and SGXNet for the latest updates on the status of the AGM, if any.

If you have sold or transferred all your ordinary shares in the capital of the Company, held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the Company represented by physical share certificate(s), you should immediately forward this Appendix to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

*This Appendix has been prepared by the Company and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (“**Sponsor**”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”). This Appendix has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The contact person for the Sponsor is Mr. Lim Hoon Khia, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.*



ALPINA HOLDINGS LIMITED

(Company Registration No.: 202138650H)

(Incorporated in the Republic of Singapore on 8 November 2021)

APPENDIX IN RELATION TO

THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

CONTENTS

| | |
|--|-----|
| DEFINITIONS | 125 |
| LETTER TO SHAREHOLDERS | |
| 1 INTRODUCTION | 129 |
| 2 PROPOSED RENEWAL OF THE IPT GENERAL MANDATE | 130 |
| 3 DISCLOSURE IN FINANCIAL RESULTS ANNOUNCEMENTS AND ANNUAL REPORTS | 134 |
| 4 AUDIT COMMITTEE'S STATEMENT | 134 |
| 5 INDEPENDENT DIRECTORS' RECOMMENDATION | 135 |
| 6 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS | 135 |
| 7 ABSTENTION FROM VOTING | 135 |
| 8 DIRECTORS' RESPONSIBILITY STATEMENT | 136 |
| 9 DOCUMENTS AVAILABLE FOR INSPECTION | 136 |

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

| | |
|--|--|
| “Accentury” | : Accentury Pte. Ltd. |
| “AGM” | : The annual general meeting of the Company to be held on 27 June 2022 at 10.00 a.m. by way of electronic means |
| “Appendix” | : This appendix to Shareholders in relation to the proposed renewal of the IPT General Mandate |
| “Associate” | : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family (being his spouse, child, adopted child, step-child, sibling and parent); (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more |
| “Audit Committee” | : The audit committee of the Company as at the date of this Appendix or from time to time, as the case may be |
| “Board” or “Board of Directors” | : The board of directors as at the date of this Appendix or from time to time, as the case may be |
| “Catalist” | : The Catalist Board of the SGX-ST |
| “Catalist Rules” | : The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time |
| “CDP” | : The Central Depository (Pte) Limited |
| “Companies Act” | : The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time |
| “Company” | : Alpina Holdings Limited |

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

- “Controlling Shareholder”** : A person who:
- (a) holds directly or indirectly 15% or more of the nominal amount of all voting Shares (unless otherwise determined by the SGX-ST); or
 - (b) in fact exercises control over the Company
- “CFO”** : Chief financial officer of the Company
- “Director”** : A director of the Company as at the date of this Appendix or from time to time, as the case may be
- “EAR Group”** : For the purposes of the IPT General Mandate, collectively:
- (a) the Company;
 - (b) the subsidiaries of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); and
 - (c) the associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and its interested person(s), has or have control,
- and each of them, an **“Entity at Risk”**
- “Group”** : The Company and its subsidiaries
- “Independent Directors”** : The Directors who are considered independent for the purpose of the proposed renewal of the IPT General Mandate, namely Mr. Marcus Woon, Mr. Chan Jer Hiang and Mr. Ong Beng Chye
- “Independent Shareholders”** : Shareholders who are deemed to be independent for the purpose of voting on the proposed renewal of the IPT General Mandate
- “Interested Person”** : Has the meaning ascribed to it under Chapter 9 of the Catalist Rules
- “Interested Person Transaction”** : Has the meaning ascribed to it under Chapter 9 of the Catalist Rules
- “IPT General Mandate”** : The general mandate approved by Shareholders for the EAR Group to enter into the Mandated Transactions with the Mandated Interested Person in compliance with Chapter 9 of the Catalist Rules and for which renewal is being sought at the forthcoming AGM, as further described in this Appendix
- “IPT Mandate File”** : Has the meaning ascribed to it in Section 2.7 of this Appendix
- “IPT Register”** : Has the meaning ascribed to it in Section 2.7 of this Appendix

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

| | |
|--|--|
| “Latest Practicable Date” | : 3 June 2022, being the latest practicable date prior to the issuance of this <i>Appendix</i> |
| “Lezo Holdings” | : Lezo Holdings Pte. Ltd. |
| “Mandated Interested Person” | : Has the meaning ascribed to it in Section 2.1 of this Appendix |
| “Mandated Transactions” | : Has the meaning ascribed to it in Section 2.2 of this Appendix |
| “Marcus Woon” | : Own Seak Chin @ Woon Seak Chin |
| “Offer Document” | : The offer document dated 21 January 2022 issued by the Company in respect of the listing of the Company on Catalist |
| “NTA” | : Net tangible assets |
| “Securities Account” | : The securities account maintained by a Depositor with CDP, but does not include a securities sub-account |
| “Securities and Futures Act” or “SFA” | : The Securities and Futures Act 2001 of Singapore, as amended, supplemented or modified from time to time |
| “SGX-ST” | : Singapore Exchange Securities Trading Limited |
| “Shareholders” | : Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares |
| “Shares” | : Ordinary shares in the capital of the Company |
| “Skky Investments” | : Skky Investments Pte. Ltd. |
| “Substantial Shareholder” | : Persons who have an interest in one (1) or more voting Shares, and the total votes attaching to that Share or those Shares, represent not less than 5.0% of the total votes attaching to all the voting Shares |
| “S\$” and “cents” | : Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore |

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory or regulatory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Appendix shall be a reference to Singapore time, unless otherwise stated. Any discrepancies in this Appendix between the amounts listed and the total thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

LETTER TO SHAREHOLDERS



ALPINA HOLDINGS LIMITED

(Company Registration No.: 202138650H)
(Incorporated in the Republic of Singapore on 8 November 2021)

Board of Directors:

Mr. Low Siong Yong (Executive Chairman and Chief Executive Officer)
Mr. Tai Yoon On (Executive Director)
Mr. Ong Beng Chye (Non-Executive, Lead Independent Director)
Mr. Chan Jer Hiang (Non-Executive, Independent Director)
Mr. Marcus Woon (Non-Executive, Independent Director)

Registered Office:

54 Senoko Road
Woodlands East Industrial Estate
Singapore 758118

10 June 2022

Dear Sir/Madam,

PROPOSED RENEWAL OF THE IPT GENERAL MANDATE**1. INTRODUCTION**

We refer to the Notice of the AGM dated 10 June 2022 in respect of the forthcoming AGM to be held by way of electronic means on Monday, 27 June 2022 at 10.00 a.m.. Resolution 10 set out under the heading "Special Business" in the Notice of AGM is an ordinary resolution for the proposed renewal of the IPT General Mandate.

As disclosed in the Offer Document, the then Shareholders had by way of written resolutions dated 17 January 2022 approved the IPT General Mandate. The IPT General Mandate will be effective from the date of the Company's admission to Catalist until the earlier of the following: (a) the conclusion of the Company's first annual general meeting following its admission to Catalist, or the date by which the next annual general meeting of the Company is required by law to be held; or (b) the first anniversary of the date of the Company's admission to Catalist.

The IPT General Mandate will expire at the forthcoming AGM unless it is renewed by Shareholders. Accordingly, the Company intends to seek a renewal of the IPT General Mandate at the forthcoming AGM. If approval is obtained from Shareholders at the forthcoming AGM, the IPT General Mandate will be renewed with effect from the date of the passing of the ordinary resolution in relation to the proposed renewal of the IPT General Mandate, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the date on which the next annual general meeting is held or is required by law to be held, whichever is earlier. Thereafter, the Company will seek the approval of the Independent Shareholders for a renewal of the IPT General Mandate at each subsequent annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Mandated Interested Person.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

The purpose of this Appendix is to provide Shareholders with information relating to, and explaining the rationale for, the proposed renewal of the IPT General Mandate, and to seek Shareholders' approval for the ordinary resolution in relation to the proposed renewal of the IPT General Mandate at the forthcoming AGM.

2. PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

2.1 Name of the Mandated Interested Person

The IPT General Mandate applies to the Mandated Transactions that are carried out between any Entity at Risk and Accentury ("**Mandated Interested Person**").

Accentury is an exempt private company limited by shares incorporated in Singapore on 3 April 2008, engaged in the trading of electric components and lighting equipment. Its shareholders are Ms. Pow Pei San (Ms. Bao Peishan) and Ms. Cheng Chew Hun, who are the spouses of Mr. Low Siong Yong and Mr. Tai Yoon On, and who hold 55.0% and 45.0% of the issued and paid-up shares of Accentury, on trust for Mr. Low Siong Yong and Mr. Tai Yoon On respectively. Mr. Low Siong Yong and Mr. Tai Yoon On are Directors and Controlling Shareholders, and accordingly, Accentury is deemed to be an Interested Person and transactions between the Group and Accentury are deemed Interested Person Transactions.

2.2 Categories of Mandated Transactions

From time to time, the EAR Group purchases electrical components, lighting equipment and related spare parts from the Mandated Interested Person for its business (the "**Mandated Transactions**"). The Mandated Transactions relate to the provision to, or obtaining from, the Mandated Interested Persons of products and services in the ordinary course of business of the EAR Group or which are necessary for the EAR Group's day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses.

Transactions between the Mandated Interested Person and the EAR Group which do not fall within the ambit of the Mandated Transactions shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules and such guidelines as set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions" of the Offer Document.

2.3 Rationale for and benefits of the IPT General Mandate

Given the nature of the Group's business, the Group envisages that the Mandated Transactions are likely to occur from time to time, in the ordinary course of business. In view of the time-sensitive and recurrent nature of the Mandated Transactions, it would be advantageous for the Group to renew the IPT General Mandate to enable the EAR Group to enter into the Mandated Transactions, provided that the Mandated Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. The IPT General Mandate will allow the Group to purchase electrical components, lighting equipment and related spare parts that meet its requirements and specifications from a trusted and established supplier, thereby ensuring the sustainability of its operations.

The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Independent Shareholders' approval, thereby easing administrative and financial costs, without compromising the EAR Group's business activities.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

The IPT General Mandate is intended to facilitate transactions in the ordinary course of business of the EAR Group which are transacted from time to time with the Mandated Interested Person, provided that they are carried out on arm's length basis and are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.4 Requirements under Chapter 9 of the Catalist Rules

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (each known as an "entity at risk" within the meaning of Chapter 9 of the Catalist Rules) enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that such interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

An immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

In particular, an immediate announcement is required where:

- (a) the value of an interested person transaction is equal to, or more than, 3.0% of the listed group's latest audited NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, amounts to 3.0% or more of the listed group's latest audited NTA.

In addition to an immediate announcement, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5.0% of the listed group's latest audited NTA; or
- (b) 5.0% of the listed group's latest audited NTA, when aggregated with the values of other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000 and certain transactions listed under Rules 915 and 916 of the Catalist Rules. However, while transactions below S\$100,000 are not normally aggregated, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction.

Rule 920 of the Catalist Rules allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

2.5 Guidelines and procedures under the IPT General Mandate

The Audit Committee will review and approve all Interested Person Transactions to ensure that they are on normal commercial terms and on arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of the Company and its minority Shareholders in any way.

To ensure that the Mandated Transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company or its minority Shareholders, the following procedures have been implemented by the Group under the IPT General Mandate:

- a. All Mandated Transactions shall be conducted in accordance with the Group's usual business practices and policies, at the prevailing market rates or prices, and on terms which are no less favourable to the Group as compared to the terms extended by unrelated third-parties (including, where applicable, preferential rates, prices, commissions or discounts accorded to customers or purchasers who have a long-term contract with the Group) or otherwise in accordance with applicable industry norms.
- b. For each transaction with the Mandated Interested Person for purchase of electrical components, lighting equipment and related spare parts, the purchasing department will obtain at least two (2) quotations from unrelated third-party suppliers for comparison. The Group will only purchase from the Mandated Interested Person if the terms offered by the Mandated Interested Person are the same or more favourable than the terms offered by such unrelated third-party suppliers and taking into account other pertinent factors such as the discount offered by the Mandated Interested Person compared to the unrelated third-party suppliers, the size of the order, the quality of the electrical components, lighting equipment and related spare parts, credit terms, track record and reliability of the counterparty and delivery logistics.
- c. Where it is impracticable or not possible for quotations to be obtained from unrelated third party vendors, the price and commercial terms offered by the Mandated Interested Person will be compared to those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Mandated Interested Person to its customers for such products and be based on the commercial merits of the transaction.

In the event that it is impractical or impossible to compare the price and commercial terms with those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties, the CFO and the Independent Directors, if each of them has no interest in the transaction, or failing which, the Audit Committee, in accordance with our usual business practices and policies will, subject to the approval thresholds set out below, determine whether the price and terms offered as the case may be, are fair and reasonable. In determining the transaction price payable to the Mandated Interested Person for such products and/or services, factors such as, but not limited to, quality, quantity, requirements and specifications will be taken into account.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

2.6 Approval threshold(s) for Mandated Transactions with the Mandated Interested Person

The approval thresholds for each Mandated Transaction are as follows:

| Value of Mandated Transaction | Approval Authority |
|--|-------------------------|
| Below 3.0% of the latest audited NTA of the Group | CFO |
| Equal or exceeds 3.0% of the latest audited NTA of the Group | CFO and Audit Committee |

In the review of the Mandated Transactions, the Independent Director may at his/her discretion obtain independent advice. If any of the approval authority has an interest in a Mandated Transaction, he/she will abstain from any review, deliberation or decision making in respect of that Mandated Transaction.

2.7 Additional review procedures for Interested Person Transactions

The Group will also implement the following procedures for the identification of Interested Persons and the record keeping of all Interested Person Transactions:

- (a) the Group's finance team will maintain a list of Interested Persons and their Associates (which is to be updated immediately if there are any changes) to enable identification of the Interested Persons. The list shall be reviewed on a quarterly basis by the CFO and subject to such verifications or declarations as required by the Audit Committee for such period as determined by them. This list shall be disseminated to all relevant staff for identification of Interested Person Transaction on a timely basis;
- (b) the Company will maintain a register of Interested Person Transactions, including the Mandated Transactions ("**IPT Register**"). The IPT Register will also record any Interested Person Transaction that are below S\$100,000 in value, although such transactions are not required to be aggregated under Chapter 9 of the Catalist Rules. The CFO shall review the IPT Register on a quarterly basis;
- (c) all documents related to the Mandated Transactions will be filed in a separate file ("**IPT Mandate File**") for ease of tracking and monitoring. The IPT Mandate File will contain all forms and checklists in relation to the Mandated Transactions. The IPT Mandate File will also contain invoices and payment vouchers in relation to the Mandated Transactions. The CFO will review the IPT Mandate File on a monthly basis;
- (d) the Audit Committee shall review the IPT Register and the IPT Mandate File on a half-yearly basis (or on such other frequency as the Audit Committee may deem necessary) to ascertain that the established review procedures to monitor the Mandated Transactions have been complied with. Such review includes the examination of the transactions and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee may request for additional information pertaining to the transactions under review from independent sources, advisers or valuers as it deems fit;
- (e) the Group's internal auditors will, on an annual basis, review the IPT Mandate File to ascertain that the guidelines and procedures established for the Mandated Interested Person Transactions have been adhered to. Any discrepancies or significant variances from the Group's usual business practices and pricing policies will be highlighted to the Audit Committee;

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

- (f) if pursuant to the relevant reviews, the Audit Committee is of the view that the established review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary (such as, where relevant, to seek a fresh Shareholders' general mandate for the Mandated Transactions) to ensure that the Mandated Transactions will be conducted on arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and
- (g) disclosure will be made in the interim announcements and the annual report of the Company in respect of the Mandated Transactions in accordance with Chapter 9 of the Catalist Rules.

3. DISCLOSURE IN FINANCIAL RESULTS ANNOUNCEMENTS AND ANNUAL REPORTS

The Company will announce the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the IPT General Mandate for the relevant financial periods which the Company is required to report on pursuant to the Catalist Rules and within the timeframe required for such announcements.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Mandated Interested Person(s) pursuant to the IPT General Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT General Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

The name of the Interested Person, nature of relationship and the corresponding aggregate value of the transactions with the Interested Person will be presented in the following format (or in such other form as the Catalist Rules may require from time to time):

| Name of Interested Person | Nature of relationship | Aggregate value of all interested person transactions during the financial year/period under review (excluding transactions less than S\$100,000 and transactions conducted under the Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules) | Aggregate value of all interested person transactions conducted under the Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules during the financial year/period under review (excluding transactions less than S\$100,000) |
|---------------------------|------------------------|---|--|
| | | | |

4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee (currently comprising Mr. Marcus Woon, Mr. Chan Jer Hiang and Mr. Ong Beng Chye) has reviewed the terms of the IPT General Mandate and confirms that the method and procedures for determining the transaction prices of the Mandated Transactions under the IPT General Mandate (as disclosed in the Offer Document) have not changed since the IPT General Mandate was approved on 17 January 2022 and that such methods and procedures, if adhered to, are sufficient to ensure that the Mandated Transactions with the Mandated Interested Person will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

5. INDEPENDENT DIRECTORS' RECOMMENDATION

Having fully considered, *inter alia*, the terms, rationale and benefits of the IPT General Mandate, the review procedures for the Mandated Transactions and the statement of the Audit Committee as set out in this Appendix, the Independent Directors are of the opinion that the proposed renewal of the IPT General Mandate is in the best interests of the Company and its Shareholders, and therefore recommend that Shareholders vote in favour of the ordinary resolution in relation to the proposed renewal of the IPT General Mandate at the forthcoming AGM.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as at Latest Practicable Date, as recorded in the Register of Director's Shareholdings and the Register of Substantial Shareholders kept by the Company, are set out below:

| | Direct Interest | | Deemed Interest | |
|--|------------------|------------------|------------------|------------------|
| | Number of Shares | % ⁽³⁾ | Number of Shares | % ⁽³⁾ |
| Directors | | | | |
| Mr. Low Siong Yong ⁽¹⁾ | – | – | 81,037,000 | 43.96 |
| Mr. Tai Yoon On ⁽²⁾ | – | – | 66,303,000 | 35.97 |
| Mr. Ong Beng Chye | – | – | – | – |
| Mr. Chan Jer Hiang | – | – | – | – |
| Mr. Marcus Woon | – | – | – | – |
| Substantial Shareholders (other than Directors) | | | | |
| Skky Investments ⁽¹⁾ | 81,037,000 | 43.96 | – | – |
| Lezo Holdings ⁽²⁾ | 66,303,000 | 35.97 | – | – |

Notes:

- (1) Mr. Low Siong Yong owns the entire issued and paid-up share capital of Skky Investments and is its sole director. Accordingly, pursuant to Section 4 of the SFA, Mr. Low Siong Yong is treated as having an interest in the Shares held by Skky Investments.
- (2) Mr. Tai Yoon On owns the entire issued and paid-up share capital of Lezo Holdings and is its sole director. Accordingly, pursuant to Section 4 of the SFA, Mr. Tai Yoon On is treated as having an interest in the Shares held by Lezo Holdings.
- (3) The percentages are based on the total issued and paid-up share capital of the Company comprising 184,340,000 Shares as at the Latest Practicable Date. The Company has no treasury shares.

7. ABSTENTION FROM VOTING

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, Interested Persons who have an interest in the IPT General Mandate and their Associates shall abstain from voting on the ordinary resolution in relation to the proposed renewal of the IPT General Mandate at the forthcoming AGM. Furthermore, such Interested Persons shall not act as proxies in relation to such resolution unless voting instructions have been given by the appointing Shareholder.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 10 JUNE 2022

In view of the above, Mr. Low Siong Yong, the Executive Chairman and Chief Executive Officer of the Company and a Controlling Shareholder, and Mr. Tai Yoon On, the Executive Director of the Company and a Controlling Shareholder, will abstain, and have undertaken to ensure that their respective Associates will abstain, from voting on the ordinary resolution in relation to the proposed renewal of the IPT General Mandate at the forthcoming AGM, and the Company will disregard any votes cast on the resolution by such persons. They shall also not act as proxies in relation to such resolution unless specific voting instructions have been given by the appointing Shareholder.

Saved as disclosed in this Appendix, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the proposed renewal of the IPT General Mandate, other than through their respective shareholdings in the Company.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after having made all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the IPT General Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118, during normal business hours from the date of this Appendix up to and including the date of the forthcoming AGM:

- (a) the constitution of the Company; and
- (b) the Annual Report.

Yours faithfully

For and on behalf of the Board of Directors of
ALPINA HOLDINGS LIMITED

Mr. Low Siong Yong

Executive Chairman and Chief Executive Officer

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Low Siong Yong (Executive Chairman and Chief Executive Officer)

Mr. Tai Yoon On (Executive Director)

Mr. Ong Beng Chye (Non-Executive, Lead Independent Director)

Mr. Chan Jer Hiang (Non-Executive, Independent Director)

Mr. Marcus Woon (Non-Executive, Independent Director)

AUDIT COMMITTEE

Mr. Marcus Woon, Chairman

Mr. Ong Beng Chye

Mr. Chan Jer Hiang

NOMINATING COMMITTEE

Mr. Ong Beng Chye, Chairman

Mr. Chan Jer Hiang

Mr. Marcus Woon

REMUNERATION COMMITTEE

Mr. Chan Jer Hiang, Chairman

Mr. Marcus Woon

Mr. Ong Beng Chye

COMPANY SECRETARY

Zhan Aijuan (ACS, ACG)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

54 Senoko Road

Woodlands East Industrial Estate

Singapore 758118

Telephone number: +65 6752 7477

Facsimile number: +65 6753 7477

SHARE REGISTRAR

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.

1 Harbourfront Avenue

#14-07 Keppel Bay Tower

Singapore 098632

AUDITOR

MAZARS LLP

135 Cecil St

#10-01

Singapore 069536

Partner-in-charge: Ooi Chee Keong (a member of the Institute of Singapore Chartered Accountants)

(Appointed since financial year ended 31 December 2021)

CORPORATE INFORMATION

PRINCIPAL BANKERS

UNITED OVERSEAS BANK LIMITED

80 Raffles Place
UOB Plaza
Singapore 048624

RHB BANK BERHAD

90 Cecil Street
#04-00
Singapore 069531



ALPINA HOLDINGS LIMITED
(高峰控股有限公司⁽¹⁾)

54 Senoko Road
Woodlands East Industrial Estate
Singapore 758118

⁽¹⁾ The Chinese name of our Company is not part of our registered name.