ICOP CONSTRUCTION (SG) PTE. LTD.

Company Reg. No. 201623819W
(Incorporated in the Republic of Singapore)

For The Year Ended 31 December 2021

DIRECTORS' STATEMENT

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2021.

In the opinion of the directors,

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date, and

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

DIRECTORS

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

Cheng Kim Hua
Cheng Chin Keong

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

During and at the end of the financial year, the Company was not a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company.

SHARE OPTIONS

No options were granted during the financial year to take up unissued shares of the Company.

No shares were issued by virtue of the exercise of options.

There were no unissued shares under option at the end of the financial year.

AUDITORS

The auditors, Teo Liang Chye PAC, have expressed their willingness to accept re-appointment.

Signed by the Board of Directors

Cheng Kim Hua Director	Cheng Chin Keong Director

Date

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ICOP CONSTRUCTION (SG) PTE. LTD.
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ICOP Construction (SG) Pte. Ltd. (the Company), which comprise the statement of financial position of the Company as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the Company had deficiency in net assets of $5,338,585 (2020 - $4,466,143) and negative net current assets of $5,340,313 (2020 - $4,468,850). As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 and 2.

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ICOP CONSTRUCTION (SG) PTE. LTD.
(Incorporated in the Republic of Singapore)

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

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Teo Liang Chye PAC
Chartered Accountants of Singapore

- 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 Company'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 Company 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.

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.

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 have been properly kept in accordance with the provisions of the Act.

TEO LIANG CHYE PAC
Public Accountants and Chartered Accountants

Singapore,

ICOP CONSTRUCTION (SG) PTE. LTD.
(Incorporated in the Republic of Singapore)
Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2021

	Notes	**2021**	**2020**
		$	$
Revenue		-	-
Cost of sales		-	4,058
Gross profit		-	4,058
Other income	4	2,327	14,814
Administrative expenses		(874,469)	(188,935)
Distribution expenses		-	(612)
Other expenses	5	(300)	(374)
Loss before taxation	6	(872,442)	(171,049)
Income tax expense	7	-	-
Loss after taxation for the year		(872,442)	(171,049)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(872,442)	(171,049)

The annexed notes to the financial statements form an integral part of these financial statements.

ICOP CONSTRUCTION (SG) PTE. LTD.
(Incorporated in the Republic of Singapore)
Statement of Financial Position as at 31 December 2021

	Notes	2021	2020
ASSETS		$	$
Non-Current Asset			
Property, plant and equipment	8	1,728	2,707
Current Assets			
Contract assets	9	2,200,000	2,200,000
Trade and other receivables	10	1,262,760	1,246,105
Cash and cash equivalents	11	14,559	3,018
		3,477,319	3,449,123
Total assets		3,479,047	3,451,830
EQUITY AND LIABILITIES			
Equity			
Share capital	12	300,000	300,000
Accumulated losses		(5,638,585)	(4,766,143)
		(5,338,585)	(4,466,143)
Current Liabilities			
Trade and other payables	13	8,817,632	7,917,973
Total equity and liabilities		3,479,047	3,451,830

The annexed notes to the financial statements form an integral part of these financial statements.

ICOP CONSTRUCTION (SG) PTE. LTD.
(Incorporated in the Republic of Singapore)
Statement of Changes in Equity for the financial year ended 31 December 2021

	Share Capital	**Accumulated Losses**	**Total**
	$	$	$
Balance at 1 January 2020	300,000	(4,595,094)	(4,295,094)
Loss for the year	-	(171,049)	(171,049)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(171,049)	(171,049)
Balance at 31 December 2020	300,000	(4,766,143)	(4,466,143)
Balance at 1 January 2021	300,000	(4,766,143)	(4,466,143)
Loss for the year	-	(872,442)	(872,442)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(872,442)	(872,442)
Balance at 31 December 2021	300,000	(5,638,585)	(5,338,585)

The annexed notes to the financial statements form an integral part of these financial statements.

ICOP CONSTRUCTION (SG) PTE. LTD.
(Incorporated in the Republic of Singapore)
Statement of Cash Flows for the financial year ended 31 December 2021

	Notes	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(872,442)	(171,049)
Adjustments for:			
Depreciation of property, plant and equipment	8	979	989
Operating loss before working capital changes		(871,463)	(170,060)
Changes in:			
- trade and other receivables		(16,655)	143
- trade and other payables		(130,307)	(121,055)
Cash used in operations		(1,018,425)	(290,972)
Net cash used in operating activities		(1,018,425)	(290,972)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from a fellow subsidiary		368,664	179,107
Advances from the immediate and ultimate holding company		661,302	124,585
Repayment to staff		-	(1,268)
Net cash generated from financing activities		1,029,966	302,424
Net increase in cash and cash equivalents		11,541	11,452
Cash and cash equivalents at beginning of year		3,018	(8,434)
Cash and cash equivalents at end of year	11	14,559	3,018

The annexed notes to the financial statements form an integral part of these financial statements.

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

1. General Information

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the board of directors on

The Company (Co. Reg. No. 201623819W) is incorporated as a limited liability company and domiciled in the Republic of Singapore.

Its principal place of business is located at P5 Site Office at Lot 99201P Ganges Avenue, TS24 Open Space (BTW LP25 & 27), besides Boy Brigade HQ, 105, Ganges Avenue, Singapore 169695 and its registered office is at 209 New Upper Changi Road #03-631 Singapore 460209.

The principal activities of the Company are those of relating to the business of construction and project work and building material suppliers.

The immediate and ultimate holding company is I.CO.P. S.P.A. Italy, a company incorporated in Italy.

2. Significant Accounting Policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2.3 Functional currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these financial statements. The Company expects that the adoption of these standards will have no material impact on the financial statements in the year of initial application.

2. **Significant Accounting Policies (continued)**

2.5 **Significant accounting judgements and estimates**

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

Judgements made in applying accounting policies

The management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

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

Revenue recognition

The Company uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured in accordance with the accounting policy stated in Note 2.6. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract cost and the recoverability of the contracts. In making these assumptions, management has relied on past experience and the work of specialists.

Significant judgement is also required to assess allowance made for foreseeable losses, if any, where the contract cost incurred for any job exceeds its contract sum. The carrying amounts of contract balances at the reporting date are disclosed in Note 9 to the financial statements.

Provision for expected credit losses (ECL) on trade receivables and contract assets

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

2. Significant Accounting Policies (continued)

2.5 Significant accounting judgements and estimates (continued)

Key sources of estimation uncertainty (continued)

Provision for expected credit losses (ECL) on trade receivables and contract assets (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 15.2.

The carrying amounts of the Company's contract assets and trade receivables at the end of the reporting period are disclosed in Note 9 and Note 10 to the financial statements.

2.6 Revenue

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

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

Contract revenue

Contract revenue is recognised based on the stage of completion method in proportion to the costs incurred to date against the total estimated costs of providing the services. Management has assessed that this is an appropriate measure of progress towards complete satisfaction of the performance obligations.

2.7 Leases

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

As lessee

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

2. Significant Accounting Policies (continued)

2.7 Leases (continued)

As lessee (continued)

Short-term leases and leases of low-value assets

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

2.8 Employee benefits

Defined contribution plan

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

Short-term employee benefits

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

2.9 Income tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2. Significant Accounting Policies (continued)

2.9 Income tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

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

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.10 Foreign currency transactions

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

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

2. Significant Accounting Policies (continued)

2.11 Financial instruments

(a) <u>Financial assets</u>

(i) Classification, initial recognition and measurement

The Company classifies its financial assets into the following measurement categories: amortised cost; fair value through other comprehensive income (FVOCI); and fair value through profit or loss (FVPL).

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

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

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

(ii) Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The Company only has debt instruments at amortised cost.

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

Debt instruments of the Company comprise cash and cash equivalents, and trade and other receivables.

2. **Significant Accounting Policies (continued)**

2.11 **Financial instruments (continued)**

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

Equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

(iii) Derecognition

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

(b) Financial liabilities

(i) Initial recognition and measurement

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

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

(ii) Subsequent measurement

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

Financial liabilities measured at amortised cost comprise borrowings and trade and other payables.

2. **Significant Accounting Policies (continued)**

2.11 **Financial instruments (continued)**

(b) Financial liabilities (continued)

(iii) Derecognition

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

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits that are readily convertible to known amount of cash and that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

2.13 **Share capital**

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

2.14 **Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2. **Significant Accounting Policies (continued)**

2.14 **Property, plant and equipment (continued)**

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Depreciation

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

Depreciation is recognised as an expense in profit or loss on straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

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

Office equipment	5 to 10 years
Renovation	10 years

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

2.15 **Contract assets and liabilities**

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

Contract liabilities primarily relate to advance consideration received from customers and progress billings issued in excess of the Company's rights to the consideration.

2. Significant Accounting Policies (continued)

2.16 Impairment of financial assets and contract assets

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

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

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

The Company considers a financial asset in default when contractual payments are past due for more than 90 days. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.17 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

2. **Significant Accounting Policies (continued)**

2.18 **Provisions**

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

Provision for loss-making contract is accounted for as provision for onerous contract. A provision for onerous contract is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

3. **Going Concern**

As at 31 December 2021, the Company had deficiency in net assets of $5,338,585 (2020 - $4,466,143) and negative net current assets of $5,340,313 (2020 - $$4,468,850). The financial statements have been prepared on the basis that the Company is a going concern as the Company has received an undertaking from the immediate and ultimate holding company to provide the Company with financial and other support for the next twelve months to enable the Company to continue operations and meet its liabilities as and when they fall due.

4. **Other Income**

	2021	**2020**
	$	$
Gain on foreign exchange	48	-
Others	2,279	14,814
	2,327	14,814

5. **Other Expenses**

	2021	**2020**
	$	$
Penalty	300	374

6. Loss Before Taxation

	Notes	2021	2020
		$	$
Loss before taxation has been arrived at after charging:			
Depreciation of property, plant and equipment	8	979	989
Employee benefit expenses	6.1	-	8,400
Operating lease expenses(1)		-	167

(1) Operating lease expenses amounting to $Nil (2020 - $986) are included in cost of sales.

6.1 Employee benefit expenses

	2021	2020
	$	$
Directors		
- fees	-	8,400
- salaries and related costs	-	-
- CPF contributions	-	-
	-	8,400

7. Income Tax Expense

The tax expense on the results of the financial year for the Company varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on Company's loss as a result of the following differences:

	2021	2020
	$	$
Loss before taxation	(872,442)	(171,049)
Tax at the corporate tax rate of 17%	(148,315)	(29,078)
Non-deductible expenses	129,707	232
Non-taxable income	(362)	-
Current-year losses for which no deferred tax asset is recognised	18,970	28,846
	-	-

7. Income Tax Expense (continued)

Net deferred tax asset has not been recognised in respect of the following:

	2021	2020
	$	$
Unutilised tax losses	798,250	779,280

The Company has unabsorbed tax losses of approximately $4,695,600 (2020 - $4,584,000) available for offsetting against future taxable income subject to compliance with relevant provisions of the Singapore Income Tax Act. These potential deferred tax benefits have not been recognised in the financial statements because of the uncertainty of its realisation within the foreseeable future.

8. Property, Plant And Equipment

	Office Equipment	Renovation	Total
	$	$	$
Cost			
As at 1 January 2020	4,596	2,000	6,596
Additions	-	-	-
As at 31 December 2020	4,596	2,000	6,596
Additions	-	-	-
As at 31 December 2021	4,596	2,000	6,596
Accumulated depreciation			
As at 1 January 2020	2,300	600	2,900
Depreciation (Note 6)	789	200	989
As at 31 December 2020	3,089	800	3,889
Depreciation (Note 6)	779	200	979
As at 31 December 2021	3,868	1,000	4,868
Carrying amount			
At 31 December 2020	1,507	1,200	2,707
At 31 December 2021	728	1,000	1,728

9. Contract Assets

	2021	2020
	$	$
Contract assets	2,200,000	2,200,000

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. If the value of services rendered exceeds payments received from the customer, a contract asset is recognised and presented separately. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

10. Trade And Other Receivables

	Notes	2021	2020
		$	$
Trade receivables			
- External parties - performance bond		570,000	570,000
- Retention sum		19,185	19,185
		589,185	589,185
Accrued revenue		214,198	214,198
Amounts due from fellow subsidiaries (non-trade)	10.1	440,774	440,774
GST receivable		18,603	1,948
		1,262,760	1,246,105

The Company allows credit terms of 0 to 30 days to its trade customers.

10.1 Amounts due from fellow subsidiaries (non-trade)

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

11. Cash And Cash Equivalents

	2021	2020
	$	$
Cash at bank and on hand	14,559	3,018

12. Capital And Reserves

Share capital

	2021 No. of shares	2020 No. of shares
In issue at 1 January and 31 December	300,000	300,000

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

13. Trade And Other Payables

	Notes	2021	2020
		$	$
Trade payables			
- External parties		44,699	51,545
- Fellow subsidiary		2,077,447	2,608,820
- Immediate and ultimate holding company		549,318	546,746
		2,671,464	3,207,111
Accrued operating expenses		15,980	14,480
Amount due to a fellow subsidiary (non-trade)	13.1	1,010,939	642,275
Amount due to the immediate and ultimate holding company (non-trade)	13.1	4,653,646	3,992,344
Other payables		465,603	61,763
		8,817,632	7,917,973

13.1 Amounts due to a fellow subsidiary and the immediate and ultimate holding company (non-trade)

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

13.2 Reconciliation of liabilities arising from financing activities

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

	1 January 2021	Proceeds	Principal and interest payment	Non-cash changes	31 December 2021
	$	$	$	$	$
Amount due to a fellow subsidiary	642,275	368,664	-	-	1,010,939
Amount due to the immediate and ultimate holding company	3,992,344	661,302	-	-	4,653,646

	1 January 2020	Proceeds	Principal and interest payment	Non-cash changes	31 December 2020
	$	$	$	$	$
Amount due to a fellow subsidiary	463,168	179,107	-	-	642,275
Amount due to the immediate and ultimate holding company	3,867,759	124,585	-	-	3,992,344
Amount due to staff	1,268	-	(1,268)	-	-

14. Related Party Transactions

14.1 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the period are disclosed in Note 6 to the financial statements.

14.2 Other related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Company with related parties on terms agreed between the parties:

	2021	2020
	$	$
With a fellow subsidiary:		
Expenses paid on behalf by a fellow subsidiary	93,000	-
With the immediate and ultimate holding company:		
Project costs paid/payable	-	10,725
Expenses paid on behalf by the holding company	125,354	-

15. Financial Instruments

15.1 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

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

The Company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

15. **Financial Instruments (continued)**

15.2 **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history. For existing customers, the directors perform ongoing credit evaluation of its counterparties' financial condition and take into account the Company's past experiences with these customers before setting credit limits. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

For trade receivables and contract assets, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

At the reporting date, all trade receivables were past due.

Bank balances are transacted with reputable financial institutions possessing high credit quality; hence the risk of default is low.

The Company has appropriate credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers regularly. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers. The Company does not hold any collateral in respect of its financial assets. At the reporting date, 100% (2020 - 100%) of trade receivables and contract assets were due from a customer.

15.3 **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains sufficient level of cash and cash equivalents and has continued financial support from the holding company to meet its working capital requirements.

15. **Financial Instruments (continued)**

15.3 **Liquidity risk (continued)**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Less than 1 year	**Between 1 and 5 years**	**Over 5 years**	**Total**
	$	$	$	$
At 31 December 2021				
Trade and other payables	8,817,632	-	-	8,817,632
At 31 December 2020				
Trade and other payables	7,917,973	-	-	7,917,973

15.4 **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company'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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

At the reporting date, the Company is not exposed to any interest rate risk as it does not hold any financial instruments with variable interest rates.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

15. **Financial Instruments (continued)**

15.4 **Market risk (continued)**

Foreign currency risk (continued)

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the Company's functional currency, the Singapore dollar (SGD). The currencies in which these transactions primarily are denominated are SGD, Malaysian ringgit (MYR), Euro (EUR) and United States dollar (USD).

The Company's exposure to foreign currency risk as provided to the management based on its risk management policy was as follows:

	SGD	**MYR**	**EUR**	**USD**
	$	$	$	$
At 31 December 2021				
Trade and other receivables	1,244,157	-	-	-
Cash and cash equivalents	14,559	-	-	-
Trade and other payables	(5,127,230)	(3,088,386)	(602,016)	-
	(3,868,514)	(3,088,386)	(602,016)	-
At 31 December 2020				
Trade and other receivables	1,244,157	-	-	-
Cash and cash equivalents	2,308	-	-	710
Trade and other payables	(4,061,439)	(3,257,089)	(599,445)	-
	(2,814,974)	(3,257,089)	(599,445)	710

Sensitivity analysis for currency risks:

A 10% strengthening of SGD against the following currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or Loss 2021	**Profit or Loss 2020**
	$	$
MYR	308,839	325,709
EUR	60,202	59,945
USD	-	(71)

A 10% weakening of SGD against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

15. Financial Instruments (continued)

15.4 Market risk (continued)

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

At the reporting date, the Company is not exposed to any market price risk as it does not hold any quoted or marketable financial instruments.

15.5 Financial instruments by category

The aggregate carrying amounts of financial assets and financial liabilities were as follows:

	2021	**2020**
	$	$
Financial assets		
Trade and other receivables	1,244,157	1,244,157
Cash and cash equivalents	14,559	3,018
Total financial assets measured at amortised cost	1,258,716	1,247,175
Financial liabilities		
Trade and other payables	8,817,632	7,917,973
Total financial liabilities carried at amortised cost	8,817,632	7,917,973

15.6 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to shareholders through the optimisation of the debt and equity balance.

Capital consists of total equity.

The directors review the capital structure on an ongoing basis. As a part of the review, the directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendation of the director, the Company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debt.

There were no changes in the Company’s approach to capital management during the year.

The Company is not registered with the Building and Construction Authority (BCA) as at 31 December 2021 and 31 December 2020.

16. Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair values of trade and other receivables are estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Non-derivative financial liabilities

Non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

Other financial assets and liabilities

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.