MOORE

ILLUSTRATIVE ANNUAL REPORT 2021

MS Singapore Limited

REPORTING FOR TRUST AND TRANSPARENCY

MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

Foreword

MS Singapore Limited and its Subsidiaries
Illustrative Annual Report 2021

Introduction

We are pleased to enclose MS Singapore Limited and its subsidiaries – Illustrative Annual Report 2021 illustrating the following based on a Singapore incorporated listed company:

- Directors' Statement;
- Report on Corporate Governance;
- Independent Auditor's Report; and
- Annual financial statements.

This publication also includes:

- Appendix I – Presentation of profit or loss and other comprehensive income – two statements
- Appendix II – Effect of adopting new or amended Singapore Financial Reporting Standards (International)
- Appendix III – Other disclosures to Notes to the Financial Statements
- Appendix IV – Illustrative critical accounting judgements and key sources of estimation uncertainty
- Appendix V – Illustrative disclosures of new and revised standards
- Appendix VI – Corporate governance changes effective for financial years beginning on or after 1 January 2019
- Appendix VII – Accounting Implications of COVID-19
- Appendix VIII – Illustrative disclosures on estimation uncertainty - COVID-19
- Appendix IX – Effects of climate-related matters on financial statements

This 2021 edition of MS Singapore Limited and its Subsidiaries – Illustrative Annual Report reflects professional pronouncements issued as at **30 September 2021**. As a general rule, this Illustrative Annual Report does not early adopt standards or amendments before their effective date.

MS Singapore Limited and its subsidiaries – Illustrative Annual Report 2021 aims to provide a practical working model consolidated financial statements in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s), Singapore's equivalent of the International Financial Reporting Standards (IFRSs). It has been developed to assist engagement teams, directors, management and preparers of financial statements to better understand and implement the new financial reporting changes in an effective and efficient manner.

Assumptions in the MS Singapore Limited and its Subsidiaries – Illustrative Annual Report 2021

The MS Singapore Limited and its subsidiaries – Illustrative Annual Report 2021 includes the following main assumptions:

- The financial statements have been presented in accordance with SFRS(I)s;
- MS Singapore Limited for the year ended 31 December 2021 is intended to illustrate the presentation and disclosure requirements of:
  (a) SFRS(I)s and SFRS(I) INTs;
  (b) Singapore Companies Act, Cap. 50; and
  (c) Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual;
- Inclusion of additional disclosures that are considered to be best practice, particularly where such disclosures are included in illustrative examples provided with a specific Standard;
- Inclusion of SFRS(I)s and SFRS(I) INTs effective for the annual period beginning on or after 1 January 2021; and
- Inclusion of SFRS(I)s and SFRS(I) INTs issued but not yet effective.

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This Illustrative Annual Report has changed since the 2020 edition due to standards and interpretations issued or amended since **30 September 2021**. While the list of new standards is provided, not all of these new standards will have an impact on these illustrative financial statements. To the extent that this illustrative annual report has changed since 2020 as a result of changes in standards and interpretations, we have indicated the changes.

A brief description of the new standards can be found in Note 2 of the Illustrative Annual Report in this 2021 edition.

Major changes from the 2020 edition of MS Singapore Limited and its Subsidiaries – Illustrative Annual Report are highlighted by a double line running down the left margin of the text within those sections.

Suggested disclosures are cross-referenced to the underlying requirements in the texts of the relevant Standards and Interpretations. References are generally to the most recent version of the relevant Standard or Interpretation (unless specified otherwise) where the Standard or Interpretation has been adopted by MS Singapore Limited.

Accounting implications of Coronavirus Disease 2020 (COVID-19)

The Coronavirus outbreak which originating in Wuhan, the People's Republic of China ("PRC or China") has spread to the extent it will already have had a negative impact on the business environment globally. In view of the current development and spread of COVID-19, it is challenging to assess its eventual impact on the accounting implications on the entities with financial year ended December 2021 and onwards at this stage.

Considering the dynamic and evolving COVID-19 situation, the illustrative financial statements do not provide any illustrative disclosures related to COVID-19. However, to guide financial statements preparers in finalising their financial statements, a summary of the key areas of concerns of accounting and illustrative disclosures on estimation uncertainty is provided in Appendix VII and Appendix VIII of this publication.

Important Notices

- SFRS(I) references are shown on the left-hand margin of each page of the financial statements, indicating the specific SFRS(I) paragraph that outlines the disclosure for that particular line item or block of narrative.
- These financial statements are illustrative only, and do not attempt to show all possible accounting and disclosure requirements.
- Commentaries are provided to explain the basis for the disclosure or to address alternative disclosures not included in the illustrative financial statements. It is essential to refer to the relevant source and, where necessary, to seek appropriate professional advice if you have any doubts pertaining to the requirements.
- Please note that although the illustrative financial statements endeavour to illustrate the typical disclosure expected to be found in the financial statements of a group of companies whose activities include manufacturing, trading and investment holding, they should not be regarded as including every possible disclosure. This should be tailored to reflect the individual circumstances of a group of companies.
- The narrative given here will, in practice, also need to be extended to provide more detail in order to meet the various disclosure requirements. Conversely, certain disclosures are included in these financial statements merely for illustrative purposes even though they may be regarded as items or transactions that are not material for the Group.
- For the purposes of presenting the statements of comprehensive income, the alternatives allowed under SFRS(I)s for those statements have been illustrated. Preparers should select the alternative most appropriate to their circumstances.
- Note that in these illustrative financial statements, we have frequently included line items for which a Nil amount is shown, so as to illustrate items that, although not applicable to MS Singapore Limited, are commonly encountered in practice. This does not mean that we have illustrated all possible disclosures. Nor should it be taken to mean that, in practice, entities are required to display line items for such 'Nil' amounts.
- This annual report should not be relied upon as a substitute for detailed advice concerning individual situations. In case of doubt as to the SFRS(I)s requirements, it is essential to refer to the relevant source material and, where necessary, to seek appropriate professional advice. You are advised to consult your Moore Stephens LLP Assurance Partner should you have any questions regarding this illustration or any specific accounting queries.

MS Singapore Limited and its Subsidiaries

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MS Singapore Limited and its Subsidiaries

Directors' Statement

For the financial year ended 31 December 2021

CA 201.16

The directors present their statement to the members together with the audited consolidated 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.

In the opinion of the directors[1]:

CA Twelfth Sch. No.1(a)

(a) the consolidated 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 year ended on that date; and

CA Twelfth Sch. No.1(b)

(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

CA Twelfth Sch. No.7

The directors[2] of the Company in office at the date of this statement are:

Mr. Bee Guan Cheng	*Non-Executive Chairman*
Mr. Ang Swee Beng	*Chief Executive Officer*
Mr. Michael Low	*Independent Director*
Dr. Wong Soon Chong	*Independent Director*
Mr. Tan Huat Chen	*Independent Director*
Mr. Lim Peng Heng	*Executive Director* (appointed on 3 March 2022)[2]

CA Twelfth Sch. No.8(a), 8(b)

Arrangements to Enable Directors to Acquire Shares or Debentures

Except as described under "Share Options" in this report on page 2, neither at the end of nor at any time during the financial year was, the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

CA Twelfth Sch. No.9

Directors' Interests in Shares and Debentures[3]

The following directors[5], who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Holdings registered in the name of directors		*Holdings in which a director is deemed to have an interest*	
	At 01.01.21/ date of appointment	At 31.12.21	At 01.01.21/ date of appointment	At 31.12.21
The Company				
No. of Ordinary shares				
Mr. Bee Guan Cheng	-	-	180,000,000	180,000,000
Mr. Ang Swee Beng	10,029,000	10,029,000	12,600,000	12,600,000
Mr. Lim Peng Heng (appointed on 3 March 2021)	10,000	10,000	-	-
Mr. Chan Mun Heng (resigned on 2 January 2021)[4]	1,000,000	1,000,000	-	-

SGX 1207.7

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2022[6].

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

CA Twelfth Sch. No.2

Share Options[7,8,9]

SGX 852, SGX 853

MS Singapore Limited Employee Share Option Scheme

The MS Singapore Limited Employee Share Option Scheme (the "Scheme") for key management personnel and employees of the Group was approved and adopted by shareholders at the Annual General Meeting held on 26 October 2010.

SGX 852.1(a)

The Remuneration Committee (the "RC") administering the Scheme comprises directors, Dr. Wong Soon Chong (Chairman of the Committee), Mr. Michael Low and Mr. Ang Swee Beng.

CA Twelfth Sch. No.2

During the financial year, the Company has granted 220,000 share options under the Scheme to executive and senior employees. These options are exercisable anytime but no later than the expiry date, 29 September 2022. The details of outstanding options to subscribe for ordinary shares of the Company pursuant to the Scheme as at 31 December 2021 are as follows:

Number	Grant date	Expiry date	Exercise price
196,000	30 September 2021	29 September 2022	1.00

SGX 852(1)(b)(ii)

SGX 852(1)(c)(ii)

Since the commencement of the Scheme till the end of the financial year, no options have been granted to the controlling shareholders of the Company and their associates (as defined in the SGX Trading Listing Manual). No options have been granted to the directors and employees of the holding company and its subsidiaries other than as disclosed above.

SGX 852(1)(b)(iii), SGX 852(1)(c)(i) CA Twelfth Sch. No.2, SGX 852(1)(d)

No employee or employee of related corporations has received 5% or more of the total options available under this Scheme. The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company. No options have been granted at a discount.

Audit Committee[10,11]

CA 201B.9

The audit committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

(a) Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;

(b) Reviewed the quarterly financial information and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;

(c) Reviewed the effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;

(d) Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(e) Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(f) Reviewed the cost effectiveness and the independence and objectivity of the external auditor; and the nature and extent of non-audit services provided by the external auditor;

(g) Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(h) Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and

(i) Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

Audit Committee[10,11] (cont'd)

SGX 1207.6(b) The AC having reviewed the external auditor's non-audit services, was of opinion that there were no non-audit services rendered that would affect the independence and objectivity of the external auditors.

The AC has held five meetings since the last directors' statement with full attendance from all members, except for one where a member was absent. In performing its functions, the AC has also met with the Company's internal and external auditors, without the presence of the Company's management, at least once a year.

SGX 1207.6(c) The Company confirms that Rules 712 and 715 of the Singapore Exchange Securities Trading Limited's Listing Manual have been complied with.

Further information regarding the AC are detailed in the Corporate Governance Report set out in the Annual Report of the Company.

Independent Auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of directors[12],

....	....
MOHAMAD ALI	ANG SWEE BENG
Chairman	Chief Executive Officer

Singapore
15 March 2022

Guidance Notes

Paragraph (b) of the Directors' Statement

1) In situations of going concern uncertainties, this paragraph should be modified as to whether the Company will be able to pay its debts as and when they fall due.

CA 201.6
CA 201.6A

Directors

2) The names of the directors that are holding office at the date of the Directors' Statement are required to be disclosed. There is no requirement to give details of director(s) who resigned in the current financial year and up to the date of the Directors' Statement.

If a director is appointed during the financial year and remains in office at the date of the Directors' Statement, the date of the appointment, although not required, is recommended to be disclosed to clearly identify the new director.

CA Twelfth Sch. No.9

Directors' interests in shares or debentures

3) A director's interests include his personal holdings, the beneficial interests of his immediate family and any deemed interest (not less than 20% of the equity held) as defined under Section 7 of the Companies Act. Interests in rights or share options are also required to be disclosed.

If none of the directors have any interests in shares or debentures in the Company or any related corporations, the following disclosure is suggested for paragraph 3 of the Directors' Statement:

"None of the directors of the Company holding office at the end of the financial year had any interests in the shares or debentures of the Company or any related corporations."

CA 6

Related corporations include the Company's holding companies, subsidiaries and fellow subsidiaries.

4) If a director resigns after the end of the financial year/period but before the date of the Directors' Statement, his interests at the end of the financial year/period are still required to be disclosed.

CA 164.3

5) If the Company is a wholly owned subsidiary of another company (the "holding company"), the Company may be deemed to have complied with section 164 of the Singapore Companies Act in relation to a director who is also a director of that other company if the particulars required by this section are shown in the register of the holding company, the following should be disclosed:

"The directors, Mr/Ms ________ and Mr/Ms________ are also directors of MS Singapore Limited, incorporated in the Republic of Singapore, which owns all the shares of the Company. Their interests in shares are recorded in the register of directors' shareholdings kept under section 164 of the Singapore Companies Act by the holding company and are therefore not disclosed in this report."

6) This is applicable only for listed companies required under the Singapore Exchange Securities Trading Limited's Listing Manual.

Share options

CA Twelfth Sch. No.2

7) The disclosures required by the New Twelfth Schedule of the Companies Act relate to share options granted by the Company.

CA 201.11A

8) Where such disclosures have been made in a previous report, reference may be made to that report.

SGX 852(2)

9) A negative statement must be included if any of the requirements in Rule 852(1) in respect of share option schemes is not applicable.

Guidance Notes

Directors' Statement (cont'd)

CA 201B.9

Audit Committee

10) The details and functions of the audit committee shall be included in the Directors' Statement of listed companies if the statutory accounts (which would not contain a section on corporate governance), rather than the annual report, are filed with the Registrar of the Accounting and Corporate Regulatory Authority. If the Annual Report is filed with the Registrar, this section is not required.

SGX 1207.10

11) The listing rule requires the board and the Audit Committee to opine on the adequacy of the internal controls addressing financial, operational and compliance risks in the annual reports of the listed companies. (See Appendix VI for Corporate Governance Changes effective for financial years beginning on or after 1 January 2019).

Dating and signing of Directors' Statement

12) This phrase is not necessary if the Company has only two directors.

Report on Corporate Governance[1]

For the financial year ended 31 December 2021

The Company is committed to maintaining a high standard of corporate governance within the Group in adopting the principles and provisions set out in the revised Code of Corporate Governance[1] ("the Code").

This report[1] describes the Group's Corporate Governance policies and practices that were in place during the financial year ended 31 December 2021, with specific reference to the principles and provisions of the Code, and as applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Singapore Companies Act. The Board confirms the Group has adhered to all principles and guidelines set out in the Code as set out below:

BOARD MATTERS

Code of Corporate Governance Principle 1

The Board's Conduct of Affairs

The Board has overall responsibility for setting corporate strategy, reviewing managerial performance and maximising returns for shareholders at an acceptable level of risk.

Code of Corporate Governance Principle 1.1 and 1.4

All directors objectively make decisions in the best interests of the Group. The Board sets clear policies and procedures for dealing with conflicts of interest. Where the director faces a conflict of interest, he or she discloses and recuses himself or herself from meetings and decisions involving the issue. All directors are required to make annual declaration of conflict of interests. The Board has delegated specific responsibilities to four committees, namely the Audit Committee, Nominating Committee, Risk Committee and Remuneration Committee. Information on each of the four is set out below. While these Committees have the authority to advise to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters still lies with the Board.

Code of Corporate Governance Principle 1.2

Upon the appointment of a new director, he or she is provided with a formal letter setting out his or her duties and obligations. New directors also take part in an induction program, pursuant to which they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board Committees and the powers delegated to the committees, the Group's corporate governance practices and procedures, and the latest financial information about the Group. Facility visits to our subsidiaries' operation sites are arranged to provide newly-appointed directors an understanding of the Group's business operations. Existing directors are also invited to participate in such facility visits and orientation programmes.

For a new director who has had no prior experience as a director of a public company, he or she is required to attend training in the roles and responsibilities of being a public company director. Continuing professional development of the executive and non-executive directors, Board members, independent of any formal training will be arranged and funded by the Group. They are strongly encouraged to attend seminars and conferences on issues relevant to their appointment as directors of a public company, particularly matters concerned with corporate governance, audit and remuneration issues.

Code of Corporate Governance Principle 1.5

The Board meets regularly and as warranted by particular circumstances, as deemed appropriate by the board members. Article 103(2) of the Company's Constitution[2] permits participation by telephone or video conferencing. The number of meetings held and the attendance report of the Board and Board Committees are as follows:

Meeting of	Board	Audit Committee	Nominating Committee	Risk Committee	Remuneration Committee
Total held in FY 2021	3	3	2	3	2
Mr. Bee Guan Cheng	3	3	-	-	-
Mr. Ang Swee Beng	3	-	2	3	2
Mr. Chan Mun Heng	3	-	-	-	-
Mr. Tan Huat Chen	2	-	-	3	-
Mr. Michael Low	3	3	2	-	2
Dr. Wong Soon Chong	2	2	2	3	2
Mr. Lim Peng Heng (Appointed on 3 March 2022)	-	-	-	-	-

BOARD MATTERS (Cont'd)
The Board's Conduct of Affairs

Code of Corporate Governance Principle 1.3

Board approvals are required for all material matters which have been clearly communicated to the management in writing and are set out in this Annual Report. A matter is considered material if the value of the transaction exceeds 5% of the Group's net tangible assets.

Code of Corporate Governance Principle 1.6

Prior to the Board meetings, the management provides the Board with timely information for its meetings and decision-making, including Board papers, budgets and periodic financial statements, minutes of the previous Board meeting and other supporting information. In respect of budgets and periodic financial statements, any material variances between the budgets/projections and actual results are disclosed and explained to the Board.

Code of Corporate Governance Principle 1.7

Directors are entitled to have separate and independent access to management, the company secretary, external advisors (where necessary in the furtherance of directors' duties) as well as the Group's internal and external auditors at the Company's expense.

The Board has approved the terms of reference defining the role and responsibilities of the company secretary. The company secretary's responsibilities include advising the Board on corporate and administrative matters on a timely basis, as well as facilitating orientation and assisting with professional development as required. The company secretary attends all Board meetings in ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Under the Company's constitution, the appointment and removal of the company secretary is a decision of the Board as a whole.

Code of Corporate Governance Principle 2, 2.1, 2.2, 2.3

Independent directors make up the majority of the Board which comprises six directors, four of whom are non-executive directors as shown below:

Executive Director:
Mr. Ang Swee Beng
Mr. Chan Mun Heng

Non-executive Director:

Mr. Bee Guan Cheng	Chairman, Independent
Mr. Michael Low	Independent
Dr. Wong Soon Chong	Independent
Mr. Tan Huat Chen	Independent

CG PG 2

The four independent directors have no relationships with the Company, its related companies, its shareholders, or their officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgements with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from the Company's management and substantial shareholders.

SGX LR 210(5)(c)/C LR406(3)(c)

In consideration of the independence of each independent director, the NC and the Board have considered the circumstances under SGX Listing Rules and the Code's Practice Guidance 2 in which a director should be deemed to be non-independent as well as any other circumstances or relationships which might impact a director's independence, or the perception of his or her independence.

Code of Corporate Governance Principle 2.4

The Board is of the view that the size and composition of the Board is appropriate for effective decision-making, taking into account the scope and nature of the operations of the Group.

The Board comprises businessmen with vast business or management experience, industry knowledge, strategic planning experience and includes professionals with financial, accounting and legal backgrounds. The NC is satisfied that the current Board comprises persons who, as a group, possess the core competencies, such as accounting, finance, business and management skills, as well as the experience and industry knowledge required for the Board to be effective. A brief background of the Board is provided in the 'Board of Directors' section of this Annual Report. In particular, Mr Bee Guan Cheng has more than 20 years of experience in finance and strategic management. Mr Michael Low has accumulated years of experience in electrical engineering and healthcare sectors. Dr. Wong Soon Chong has extensive experience in risk governance and enterprise risk management.

BOARD MATTERS (Cont'd)
The Board's Conduct of Affairs

Code of Corporate Governance Principle 2.5

The Independent Directors are non-executive Directors of the Company. They provide constructive feedback in strategic development, assist the Board in reviewing the effectiveness of Management in meeting agreed goals and objectives, and monitor the reporting of performance as appropriate. All the Independent Directors including the LID, meet at least annually without the presence of the other executive and non-independent Directors to discuss matters of significance which are thereon reported to the Chairman accordingly.

Code of Corporate Governance Principle 3

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code of Corporate Governance Principle 3.1, 3.2

The Chairman and CEO of the Company are separate individuals to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. The Chairman is a non-executive and independent director responsible for leadership of the Board and facilitating its effectiveness which includes promoting a culture of openness and debate at the Board and high standards of corporate governance. The CEO is an executive director responsible for the business direction and operations of the Group and implementation of the Board's decisions.

The Chairman and the CEO are not related. The responsibilities of the Chairman and the CEO are divided and have been set out in a set of guidelines endorsed by the Board.

Code of Corporate Governance Principle 3.3

The Chairman is independent absolving the need for the appointment of a lead independent director. However, should the Chairman no longer independent, the Board is required to appoint a lead independent director.

The Chairman ensures that Board meetings are held as and when necessary. He leads the Board to ensure its effectiveness and approves the agenda of each Board meeting in consultation with the CEO. The Chairman reviews Board papers before they are presented to the Board and ensures that Board members are provided with accurate, timely and clear information. Further, he ensures that all agenda items included in the Board papers are provided sufficient airtime and adequately debated at Board meetings. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the paper or attend at the relevant time during the Board meeting. The Chairman monitors communications and relations between the Company and its shareholders, between the Board and management, and between independent and non-independent directors, with a view to encouraging constructive relationships and dialogue amongst them. The Chairman works to facilitate the effective contribution of non-executive directors. The responsibilities of the Chairman are included in the guidelines endorsed by the Board.

Report on Corporate Governance[1]

For the financial year ended 31 December 2021

BOARD MEMBERSHIP/BOARD PERFORMANCE

Code of Corporate Governance Principles 4.2

The NC comprises a majority of non-executive independent directors as follows:

Mr. Michael Low	Chairman, Independent
Dr. Wong Soon Chong	Independent
Mr. Ang Swee Beng	Executive

The NC held two meetings during the financial year.

Code of Corporate Governance Principles 4.1

The Nominating Committee has a written Charter endorsed by the Board that sets out its duties and responsibilities. Amongst them, the Nominating Committee is responsible for:

- making recommendations to the Board on all board appointments (including alternate directors, if any);
- evaluation of performance of the Board, its committees, members and directors;
- reviewing the adequacy of the Board's training and professional development programmes; and
- reviewing the Board's succession plans for directors, in particular the Chairman and the CEO.

Code of Corporate Governance Principles 4.3, 4.4

Article 92 of the Company's Constitution[2] provides that an election of Directors shall take place each year and that all Directors except a Managing Director shall retire once at least in each three years but shall be eligible for re-election. Accordingly, the NC reviews and makes recommendations to the Board with regards to the re-election of eligible Directors at Annual General Meetings ("AGM"). In assessing the directors for re-appointment, the NC performs individual director evaluations assessing each director if he or she contributes effectively and demonstrates commitment and provides feedback to the Chairman of the Board. The Chairman, in consultation with the NC, proposes new directors to be appointed to the Board or seeks the resignation of directors. The NC also determines annually whether or not a director is independent, based on guidelines in the Code.

In the nomination and selection process for new directors, the NC identifies the key criteria of a new director based on a matrix of attributes and skills of the job requirements of the Group. The matrix of attributes comprises technical knowledge, relevant industry and management experience as well as other attributes such as competencies level and age. The matrix of key attributes and job description are included in the guidelines endorsed by the Board. The NC searches new candidates through referrals from personal contacts and professional recruitment firms or Singapore Institute of Directors (when needed) and goes through a screening and selection process. The NC interviews and assesses the candidates before a decision is reached.

The NC does not have a practice of appointing alternate directors except for limited periods in exceptional cases such as when a director has a medical emergency. In particular, the NC should not appoint alternate directors to independent directors. There were no alternate directors in this financial year.

Code of Corporate Governance Principles 4.5

The NC is satisfied that sufficient time and attention was given by the directors to the affairs of the Group, taking into consideration the director's number of listed company board representations and other principal commitments. The Group has guidelines in place to address the competing time commitments faced by directors serving on multiple boards. The Board has determined that the maximum number of listed company board representations which any director may hold is two. All directors currently do not hold more than two listed company board representations. A description of the background of each director is presented in the "Board of Directors" section of this annual report. The information on each director's shareholdings, relationships (if any), directorship and other principal commitments is presented in "Directors' Statement" section of this annual report.

BOARD MEMBERSHIP/BOARD PERFORMANCE (cont'd)

Code of Corporate Governance Principles 5.1, 5.2

The Board has carried out an assessment of its effectiveness as a whole as well as the contribution of each director. A third-party professional consultancy firm specialising in board evaluation and human resources was appointed by the NC to help to design and implement the process. This is the fifth year in which this board evaluation process has been performed. The consultancy firm is independent to the Group or any of its directors. The Board assessment considered the following key performance criteria:

- Board size and composition;
- Board independence;
- Board processes;
- Board information and accountability;
- Board performance in discharging principle functions;
- Board committee performance;
- Interactive skills;
- Knowledge;
- Directors' duties;
- Effectiveness of the contribution;
- Availability at meetings; and
- Overall contribution.

REMUNERATION MATTERS

Code of Corporate Governance Principles 6

Procedures for Developing Remuneration Policies

Code of Corporate Governance Principles 6, 1.4

The Remuneration Committee ("RC") comprises a majority of non-executive independent directors as follows:

Dr. Wong Soon Chong	Chairman
Mr. Michael Low	
Mr. Ang Swee Beng	

Code of Corporate Governance Principles 6.1, 6.3

The key responsibilities of the RC are:

(a) Recommending to the Board for endorsement, a framework for computation of directors' fees of the Board (both executive and non-executive directors) and senior management of Senior Vice President grade or its equivalent and above. For executive directors and other senior management, the framework covers all aspects of executive remuneration (including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind);

(b) Recommending the specific remuneration packages for each director and other senior management of Senior Vice President grade or its equivalent and above; and

(c) Administering the MS Singapore Limited Employee Share Option Scheme.

Code of Corporate Governance Principles 6.4

In determining the Group's remuneration policy above, the RC from time to time seeks advice from external remuneration consultants, who are unrelated to the directors or any organisation they are associated with, as well as confidentially from selected senior management, including the Director (Human Resource), at its discretion. The remuneration policy recommended by the RC is submitted for approval by the Board.

LEVEL AND MIX OF REMUNERATION

Code of Corporate Governance Principle 7

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation. The compensation structure is designed such that the percentage of the variable component of key management personnel's remuneration increases as they move up the organisation. The variable component depends on the actual achievement of corporate targets and individual performance objectives.

Code of Corporate Governance Principle 7.1, 7.3

The RC ensures that the remuneration structure is benchmarked with comparable companies while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements. The remuneration structure for executive directors and key management personnel consists of the following components:

- Fixed remuneration
- Variable bonus
- Other benefits

The fixed remuneration component comprises basic salary, statutory employer's contributions to the Central Provident Fund and fixed allowances. In setting remuneration packages, the Group takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors and key management personnel.

The variable bonus is an annual remuneration component which varies according to the Group's and the individual's performance objectives. To link rewards to performance, the more senior the executive in the Group, the higher is the percentage of the variable bonus against total compensation.

In deciding on appropriate performance objectives, the RC considered the following factors:

- The extent for which each executive director or key management personnel is able to influence these performance objectives.
- The extent to which the performance objectives are consistently met from year to year.
- The performance objectives are not overly complex metrics and are easily understood.

The Group provides benefits consistent with local market practices in areas such as medical benefits, club membership, employee discounts and car allowance. Eligibility for these benefits will depend on individual salary grade and length of service.

Code of Corporate Governance Principle 7.2

Contracts with executive directors and key management personnel allow the Group to reclaim or revoke incentives in exceptional circumstances involving fraudulent or negligent behaviour.

MS Singapore Limited Share Option Scheme ("Scheme")

The above Scheme is one of the key long-term incentive schemes in place. The RC is responsible for the administration of this Scheme.

Code of Corporate Governance Principle 7.3, 8.3

Executive directors and key management personnel with more than five years of service to the Group may be granted options under the Scheme. More details on the Scheme are set out in the Directors' Statement and Note 39 to the financial statements.

DISCLOSURE ON REMUNERATION

Code of Corporate Governance Principles 8

All service contracts of executive directors and key management personnel are subject to review by the RC. Where necessary the RC obtains advice from external remuneration consultants.

The RC, in consultation with the Chairman of the Board, reviews and recommends to the Board directors' fees for non-executive directors, which are subject to shareholders' approval at the AGM. For the year under review, the RC has recommended directors' fees of S$250,000 which the Board would table at the forthcoming AGM for shareholders' approval.

The following remuneration summary provides further details about reviews undertaken during the year ended 31 December 2021 and the reward outcomes for performance in that financial year:

Code of Corporate Governance Principle 8, 8.1

a) Breakdown of remuneration of each director for the year ended 31 December 2021:

	Basic salaries*	**Bonuses**	**Benefits in kind**	**Directors' fees**	**Total 2021**	**Total 2020**
Name of director	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Chief Executive Officer						
Mr. Ang Swee Beng	225	180	45	-	450	445
Executive directors						
Mr. Chan Mun Heng	154	30	16	-	200	200
Independent directors						
Mr. Tan Huat Chen	-	-	-	200	200	200
Mr. Bee Guan Cheng	-	-	-	140	140	140
Dr. Wong Soon Chong	-	-	-	110	110	110

**Include allowances and contributions to Central Provident Fund (where applicable)*

b) Remuneration of the Group's top five key executives, by remuneration bands, for the year ended 31 December 2021:

	Basic salaries*	**Bonuses**	**Share-based payment**	**Benefits in kind**	**Total 2021**	**Total 2020**
Name of key executives	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
S$250,000 to S$500,000						
Mr. Ang Swee Beng	279	65	9	22	375	420
Below S$250,000						
Ms. Molly Chin	72	10	9	-	91	100
Mr. Lim Kian Koo	72	10	9	-	91	100
Ms. Shirley Mo	68	9	9	-	86	80
Mr. Tan Tian Tian	68	9	9	-	86	80

** Include allowances and contributions to Central Provident Fund (where applicable)*

DISCLOSURE ON REMUNERATION (cont'd)

Code of Corporate Governance Principle 8.2

c) Remuneration of employees who are immediate family members of the Directors or the CEO and whose remuneration exceeded S$50,000.

Name	Relationship to Director or CEO	Director or CEO	S$'000 (2021)	S$'000 (2020)
Ms. Ai Li	Wife	Mr. Bee Guan Cheng	55	54
Mr. Rick Ang	Son	Mr. Ang Swee Beng	58	57

Code of Corporate Governance Principle 9
Code of Corporate Governance Principle 9.1

RISK MANAGEMENT AND INTERNAL CONTROLS

The Risk Committee supports the Board to ensure that:
a) the Group maintains an appropriate system of risk management and internal controls to safeguard assets;
b) the strategy of the Group is achieved in a manner that minimises the Group's level of risk to an acceptable level; and
c) internal financial controls, operational and compliance controls, financial risk management objectives and policies are adequately met and that proper accounting records are maintained.

Code of Corporate Governance Principles 1.4 and 9.1

The Risk Committee assists the Board in its oversight of risk management. The Risk Committee comprises three directors who are independent from management as follows:

Dr. Wong Soon Chong	Chairman, Independent
Mr Tan Huat Chen	Independent
Mr. Ang Swee Beng	

Code of Corporate Governance Principles 1.4, 9.1

SID BRC Guide Appendix 1F

The roles and responsibilities of the Risk Committee are set out in Terms of Reference (TOR) endorsed by the Board. The objectives of the Risk Committee are to:
- Review and improve the Group's risk management framework (including risk governance structure, risk strategy and policy, risk assessment, risk culture etc)
- Review the risk appetite and tolerance and ensure that the key risks are managed within acceptable levels.
- Report to the Board and the AC on observations and recommendations relating to risk management and internal control systems.
- Assist AC in the review of the adequacy and effectiveness of the Group's risk management process and internal controls relating to financial, operational, regulatory compliance and information technology risks.

RISK MANAGEMENT AND INTERNAL CONTROLS (cont'd)

SID BRC Guide Appendix 1F

The Board authorises the Risk Committee to:

- Assist the Board in fulfilling its roles and responsibilities in accordance with the TOR.
- Investigate any matters within its TOR and require cooperation by management.
- Have direct and unrestricted access to the representatives of the external auditor, internal auditor, Chief Risk Officer and management.
- Meet with any relevant person of the Group without any Executive Director present, if necessary.
- Invite, at its full discretion, any director or executive officer to attend its meetings.
- Obtain, at the company's expense, legal or other professional advice on any matters within its TOR.
- Delegate any of its powers to a sub-committee or an individual director as it considers appropriate.

Code of Corporate Governance Principle 9.1

On an annual basis, the Board determines the risk tolerance of the Group, having considered the extent of risk which needs to be taken to achieve its strategic objectives. Risk tolerance limits are established by Management under the Risk Committee's guidance for the different classes of risk. Management monitors the extent of risk the Group is exposed to through a set of Key Risk Indicators agreed with the Risk Committee. Breaches of risk tolerance limits within the Group are required to be escalated to the Risk Committee.

Code of Corporate Governance Principle 9.1 and 10.1 SGX Mainboard / Catalist Listing Rule 719(1)

During the financial year, the Risk Committee submitted their recommendations to the management relating to proposed top risks, risk treatment plans and actual performance against key risk indicators. The top priority risks identified are:

- Financial risk – investment asset risk and credit risk;
- Operational risk - supply chain risk;
- Compliance risk – Workplace Safety and Health Act and Personal Date Protection Act;
- Information Technology risk – Cyber security and date protection.

In ensuring independent review of the Group's risk management policies and processes, the Risk Committee has engaged an external risk management expert, Top Priority Pte Ltd. The external risk management expert makes recommendations to enhance the Group's internal controls over the risk management process. All recommendations are then implemented by the management and follow-up reports will be provided to the Risk Committee and the Board for their review.

SGX Mainboard Listing Rule 610(5) and 719(1) / SGX Catalist Listing Rule 407(4)(b) and 719(1)

The Board, together with the Risk Committee and the Audit Committee, has performed an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems (addressing financial, operational, regulatory/ compliance and information technology risks).

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, various Board Committees and the Board, the Board is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, were adequate and no material controls weaknesses that were identified as at 31 December 2021.

Code of Corporate Governance Principle 9.2

The Board has obtained written assurance from:

a) the CEO and 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
b) the CEO and other key management personnel who are responsible, regarding the effectiveness of the Group's risk management and internal control systems.

Code of Corporate Governance Principle 10

AUDIT COMMITTEE ("AC")

Code of Corporate Governance Principle 1.4 and 10.1

The Terms of Reference of the AC is endorsed by the Board, which sets out its composition, authority and duties. The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

Code of Corporate Governance Principle 10.2

The AC comprises the following three directors, all non-executive and professionally qualified, the majority of whom, including the Chairman, is independent.

Mr. Michael Low	Chairman
Dr. Wong Soon Chong	
Mr. Bee Guan Cheng	

Code of Corporate Governance Principle 1.4

The Chairman of the AC, Mr. Michael Low, is by profession a Chartered Accountant. The AC Chairman has accounting, auditing and risk management expertise and experience. The other members of the AC have adequate years of experience in business management, finance and legal services. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

During the financial year, the AC attended internal and external trainings on business related topics and changes in financial reporting standards, risk management, corporate governance and regulatory related topics.

Code of Corporate Governance Principle 10.3

None of the members nor the Chairman of the Audit Committee are former partners or directors of the Group's existing auditing firm.

Code of Corporate Governance Principle 10.5

The AC meets regularly as and when deemed appropriate to carry out its functions which are set out in the Directors' Statements. The AC has also met with internal and external auditors, without the presence of the Company's executives during the year, to obtain feedback on the competency and adequacy of the finance department; enquire into key audit adjustments and accounting issues; and inquire if there are any material weaknesses or control deficiencies over the Group's financial reporting process and the corresponding effect on the financial statements as well as over other operational, compliance and information technology areas.

The AC performed their functions and responsibilities in accordance with the terms of reference, which include the following:

- reviewing the quarterly, half-yearly and full-year financial reports of the Group, prior to their submission to the Board;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational compliance and information technology controls and risk management systems;
- reviewing the effectiveness and adequacy of the Group's internal audit functions at least annually;
- reviewing the scope, audit approach (including audit plan) and results of the external audit (including audit report), and the independence and objectivity of the external auditors;
- assessing the quality of the work carried out by the external auditors based on ACRA's Audit Quality Indicators Disclosure Framework;
- reviewing the nature and extent of the external auditor's non-audit services to the Group;
- making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.
- coordinating with the Risk Committee on its oversight on risk management matters.
- reviewing the written assurance from the CEO and the CFO on the financial records and financial statements;
- reviewing significant matters raised through the whistle-blowing channel.

AUDIT COMMITTEE ("AC") (cont'd)

In the review of the financial statements for the year ended 31 December 2021, the AC has discussed with both the Management and the external auditors the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. Based on the review and discussions, the AC is of the view that the financial statements are fairly presented in conformity with the relevant Singapore SFRS(I)s in all material aspects.

During the audit committee meeting to approve the results announcement and the financial statements of the Group for the year ended 31 December 2021, the AC discussed with the external auditors on the identified key audit matters[4] and how those key audit matters have been addressed by the external auditors. Having considered the approach taken by the external auditors and their findings, the AC is satisfied with the basis and estimates adopted by the Group.

Code of Corporate Governance Principle 10.1

To strengthen corporate governance and ethical business practices across the Group, the Group has put in place whistle-blowing policies and procedures that have been endorsed by the AC, where employees of the Group may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters such as suspected fraud, corruption, dishonest practices etc.

All reports including anonymous reports will be investigated. All complaints will be treated as confidential and highlighted to the Chairman of the AC.

Assessment, investigation and evaluation of complaints are conducted by or at the direction of the AC. If deemed appropriate, independent advisors will be engaged at the Group's expense. Following investigation and evaluation of a complaint, the AC will decide on the appropriate follow-up actions, if any. Any follow-up actions will have to be authorised by the Board.

SGX 1207.6

The Group has complied with Rule 712 and Rule 715 of the Listing Manual in engaging Moore Stephens LLP ("MSLLP") as the external auditors of the Company and of its Singapore subsidiaries and significant associated companies.

Code of Corporate Governance Principle 10.1

The AC has reviewed the amount of non-audit services rendered to the Group by the external auditors. During the year, the fees paid to the external auditors of the Company for non-audit services amounted to S$100,000 or 29% of the total annual audit fee. The AC is satisfied that the nature and extent of such services does not prejudice the independence and objectivity of the external auditors.

Code of Corporate Governance Principle 10.1

The Group's IA function, which has been outsourced to ABC LLP, reports primarily to the Chairman of the AC. ABC LLP is a corporate member of Institute of Internal Auditors (IIA), Singapore, and adopts the International Standards for the Professional Practice of Internal Auditing issued by IIA. The appointment, assessment, and compensation of the internal auditor is approved by the AC.

The internal audit function is staffed with suitably qualified experienced professionals with diverse operational and financial experience, who are at the level of manager and above.

During the year, the AC assessed the adequacy and effectiveness of the IA, by examining the scope of the IA work and its independence of the areas reviewed and the internal auditor's report. The AC is satisfied that the IA function is adequately resourced to perform its functions.

Report on Corporate Governance[1]

For the financial year ended 31 December 2021

SHAREHOLDER RIGHTS AND ENGAGEMENT WITH SHAREHOLDERS

Code of Corporate Governance Principles 11, 12

In line with continuous disclosure obligations, the Company is committed to regular and proactive communication with shareholders. It is the Board's policy that shareholders be informed of all major developments that impact the Group.

Code of Corporate Governance Principles 11.1, 12.1, 12.2, 12.3

The Group has a dedicated investor relations team which actively communicates with its shareholders and analysts on a regular basis. Information is communicated to shareholders on a timely basis through:

(a) annual reports that are sent to all shareholders;
(b) financial statements containing a summary of the financial information and affairs of the Group for the half year and full year via SGXNET;
(c) notices of and explanatory notes for AGMs and extraordinary general meetings;
(d) announcements on major issues and developments of the Group via SGXNET and Company's website;
(e) media releases on major developments of the Group; and
(f) official social media.

Shareholders can avail themselves of a telephone, online messaging or email feedback line that goes directly to the Group's investor relations team *(www.mssi.com.sg/investors)*.

Code of Corporate Governance Principles 12.3

Over the past financial year, the Group has proactively engaged with shareholders and investors through one-on-one meetings, group meetings, conferences and road shows. Such engagements aim to provide shareholders and investors with relevant information promptly and to solicit feedback on a range of strategic and topical issues.

Code of Corporate Governance Principles 11.6

The Board aims to declare and pay annual dividends, taking into consideration the Company's financial performance, the level of available cash, the return on equity and retained earnings, and our projected capital requirements. This is provided that the amount of dividend declared does not exceed the company's retained earnings.

The Group strongly encourages active shareholder participation during the Annual General Meeting ("AGM"). Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business-related matters. Resolutions are passed through a process of voting by electronic polling and shareholders are entitled to vote in accordance with established voting rules and procedures. The poll results in favour of and against each resolution put forth are presented during the AGM.

Code of Corporate Governance Principles 11.4

Shareholders can vote in person or in absentia by proxy. The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in his place at the AGM. The Company's Constitution also allows investors who hold shares through a nominee company or custodian bank or through CPF agent banks, to appoint more than two proxies to attend and vote at shareholders' meetings. Shareholders have the opportunity to participate effectively at general meetings by expressing their views and asking the Board and management questions on the Company's operations.

Code of Corporate Governance Principles 11.2

Separate resolutions are proposed for substantially separate issues at general meetings. Thus, all resolutions are single item resolutions as per the agenda items in the Notice of AGM.

Code of Corporate Governance Principles 11.3

Members of the Board and Board Committees as well as management are present and available at the AGM meetings to address questions raised by shareholders. The external auditors are present at AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report. All directors and member of management are present at general meetings held by the company if any, to address shareholders' queries.

Minutes of AGM are available on the company website at *www.mssi.com.sg/investors/AGM/minutes*.

MS Singapore Limited and its Subsidiaries

Report on Corporate Governance[1]

For the financial year ended 31 December 2021

MANAGING SHAREHOLDERS RELATIONSHIPS

Code of Corporate Governance Principles 13.1, 13.3

In the execution of its duties, the Board adopts an inclusive approach by balancing the needs and interests of key parties such as customers, employees, suppliers and community. The Group has a dedicated team to identify key stakeholders and engage them effectively. Full details of the Group's stakeholders, means of engagement, topics of interest and responses are available in our annual Sustainability Report 2021 on the website *www.mssi.com.sg/investors/SR*.

Code of Corporate Governance Principles 13.2

The Group's key areas of focus are customer satisfaction, improving employees' well-being, engaging in responsible and ethical business practices and contributing to community development.

SECURITIES TRANSACTIONS

The Group has adopted a set of codes of conduct to provide guidance to its officers regarding dealings in the Company's shares. In line with the guidelines of the Code, directors and officers of the Group are not permitted to deal in MS Singapore Limited's shares during the periods commencing one month before the announcement of the Group's half-year or annual results and ending on the date of the announcement of the relevant results.

INTERESTED PERSON TRANSACTION AND MATERIAL CONTRACTS

The Group confirms that there was no interested person transaction and material contracts during the financial year under review.

On behalf of the Board of directors[3],

....	....
MOHAMAD ALI	ANG SWEE BENG
Chairman	Chief Executive Officer

Singapore
15 March 2022

Guidance Notes

Report on Corporate Governance

1) This is only required for listed companies. The corporate governance report is prepared for illustrative purposes and describes the Group's corporate governance practices and structures, with specific reference to the principles of the 2018 code. Listed companies are required to describe their corporate governance practices with specific reference to the principles of the code and to explain any deviations from any guideline in the 2018 code in their annual reports.

   On 6 August 2018, a revised Code of Corporate Governance (Code) was issued after the Monetary Authority of Singapore accepted the recommendations of the Corporate Governance Council. The Code, together with associated changes to the listing rules (LR) will be effective for financial years beginning on or after 1 January 2020, except for specified requirements that take effect in 2022. Please refer to Appendix VI for corporate governance changes effective for the financial years beginning on or after 1 January 2019.

2) The Company's Articles of Association is merged into one document called "Constitution" which is effective from 3 January 2016.

Dating and signing of Report on Corporate Governance

3) Please refer to Guidance Note 13 of the Directors' Statement.

Report on Corporate Governance[1]

For the financial year ended 31 December 2021

Guidance Notes

Audit Committee commentary on Key Audit Matters in Annual Report

4) As highlighted in a press release issued by Accounting and Corporate Regulatory Authority (ACRA), Audit Committees (AC) are strongly encouraged to consider providing commentaries in the company's annual report for 2016 to explain significant financial reporting matters and to complement auditors' commentary on Key Audit Matters. This commentary will enable investors to hear directly from the audit committees and deepen their trust that audit committees have appropriately discharged their oversight responsibilities.

ACRA has indicated that the AC commentary will not be mandatory.

Board Composition

Code of Corporate Governance Principles 2.2

5) Under Corporate Governance Guidelines, the independent directors should make up at least half of the Board where:
   (a) the Chairman of the Board (the "Chairman") and the chief executive officer (or equivalent) (the "CEO") is the same person;
   (b) the Chairman and the CEO are immediate family* members;
   (c) the Chairman is part of the management team; or
   (d) the Chairman is not an independent director.

** The term "immediate family" shall have the same meaning as currently defined in the Listing Manual of the Singapore Exchange (the "Listing Manual"), i.e., the person's spouse, child, adopted child, step-child, brother, sister and parent.*

Code of Corporate Governance Principles 2.2, 2.3, 2.4

The Board should comprise a majority of non-executive directors, or where the Chairman is not independent, a majority of independent directors. Please refer to Appendix VI for corporate governance changes effective for the financial years beginning on or after 1 January 2019.

Independent Auditor's Report

To the Members of MS Singapore Limited

SSA 700(R).44

Report on the audit of the Financial Statements

SSA 700(R).23

Opinion

SSA 700(R).24

We have audited the financial statements of MS Singapore Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

SSA 700(R).25
CA 207.2(a)

In our opinion, the accompanying consolidated 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, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s)[6,7] so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

SSA 700(R).28

Basis for Opinion

SSA 700(R).28(a) to (d)

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

SSA 700(R).30

Key Audit Matters[1,2]

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

[Description of each key audit matter in accordance with SSA 701.]

SSA 720(R).21-22

Other Information

Management is responsible for the other information. The other information[5] comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

SSA 700(R).33

Responsibilities of Management and Directors for the Financial Statements

SSA 700(R).34(a)

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

SSA 700(R).34(b)

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.

SSA 700(R).35

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

Independent Auditor's Report

To the Members of MS Singapore Limited

SSA 700(R).37 **Auditor's Responsibilities for the Audit of the Financial Statements**

SSA 700(R).38 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.

SSA 700(R).39 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[6] of accounting and, based on the audit evidence obtained, whether a material uncertainty[3] exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

SSA 700(R).40 We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

SSA 700(R).43 **Report on Other Legal and Regulatory Requirements**

CA 207.2(b) In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

SSA 700(R).46 The engagement partner on the audit resulting in this independent auditor's report is [name].[4]

Moore Stephens LLP

SSA 700(R).47

Public Accountants and
Chartered Accountants
Singapore
SSA 700(R).49 15 March 2022

Guidance Notes

SSA 701.13

1) When describing Key Audit Matters (KAMs) in the auditor's report, the KAMs should be entity-specific and explain the significance of the matters as follows:
   a) Why the matter was of most significance;
   b) How the matter was addressed in the audit; and
   c) Reference to any relevant financial statement disclosures.

SSA 700(R).30

KAM section is applicable to listed entities. However, auditors may voluntarily, or at the request of management or Those Charged With Governance, communicate KAM in the auditor's report for entities other than listed entities.

SSA 260(R).16

2) As required by Revised SSA 260 *Communication With Those Charged with Governance*, the KAMs to be included in the auditor's report should be communicated with Those Charged with Governance.

SSA 570R(22)

3) When a material uncertainty related to going concern exists, it is by nature a KAM. Therefore, such going concern should be reported separately in "Material Uncertainty Related to Going Concern" section before the section of Key Audit Matters.
An illustrative wording is provided below:

"***Material Uncertainty Related to Going Concern***

We draw attention to Note x in the financial statements, which indicates that the Company incurred a net loss of ZZZ during the year ended 31 December 20X1 and, as of that date, the Company's current liabilities exceeded its total assets by YYY. As stated in Note x, these events or conditions, along with other matters as set forth in Note x, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report……"

SSA 700(R).A61

4) The disclosure of the name of the engagement partner is applicable to listed entities.

5) In this illustration, <u>all</u> of the other information have been obtained prior to the date of the auditor's report and no material misstatement of the other information was identified. When the auditor has not obtained all of the other information prior to the date of the auditor's report but expects to obtain other information after the date of auditor's report, or when the auditor has identified a material misstatement of the other information, please refer to Appendix 2 in SSA 720 *The Auditor's Responsibilities Relating to Other Information* for the illustrations.

Guidance Notes

6) When financial statements are prepared on a basis other than going concern, the wordings in "Auditor's Responsibilities for the Audit of the Financial Statements" section should be tailored accordingly to reflect the auditor's responsibilities prescribed by the auditing standards under such a situation so as to provide relevant and useful information to users of the financial statements and the auditor's report therein. An illustrative wording of how the auditor's responsibilities can be described has been provided in ISCA's "Enhanced Auditor Reporting Implementation of New and Revised Standards Frequently Asked Questions June 2020" publication and is reproduced as follows:

Auditor's Responsibilities for the Audit of the Financial Statements

"..........

- *Conclude on the appropriateness of management's use of the going basis of accounting. When such use is inappropriate and management uses an alternative basis of accounting, we conclude whether the alternative basis used by management is acceptable in the circumstances. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up the date of our auditor's report. ...."*

7) While there is no statutory requirement for the auditor to opine on the compliance of the financial statements with two financial reporting frameworks (e.g., SFRS(I)s and IFRSs), it is possible that an entity's financial statements state that they are prepared in accordance with two financial reporting frameworks (e.g., SFRS(I)s and IFRSs).

Paragraph A30 of SSA 700 (Revised) provides that each financial reporting framework is considered separately when forming the auditor's opinion on the financial statements, and the auditor's opinion refers to both frameworks as follows:

(a) If the financial statements comply with each of the frameworks individually, two opinions are expressed:
- the financial statements are prepared in accordance with one of the applicable financial reporting frameworks; and
- an opinion that the financial statements are prepared in accordance with the other applicable financial reporting framework.

These opinions may be expressed separately or in a single sentence.

(b) If the financial statements comply with one of the frameworks but fail to comply with the other framework, an unmodified opinion can be given that the financial statements are prepared in accordance with the one framework but a modified opinion given with regard to the other framework in accordance with SSA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*.

Guidance Notes

7) Assuming an entity's financial statements states that their financial statements comply with each of the frameworks individually and the audit opinions are unmodified, the illustrative wordings may be presented as below:

Presentation of audit opinions in a single sentence

*"**Opinion***
We have audited the financial statements of ABC Company (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 20X1, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 20X1 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date."

OR

Presentation of the audit opinion separately

*"**Opinion***
We have audited the financial statements of ABC Company (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 20X1, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 20X1 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Separate Opinion in Relation to International Financial Reporting Standards
As explained in Note [X] to the financial statements, [the Group and the Company], in addition to applying SFRS(I)s, have also applied International Financial Reporting Standards (IFRSs).

In our opinion, the consolidated financial statements of the Group [and the statement of financial position of the Company] give a true and fair view of the consolidated financial position of the Group [and the financial position of the Company] as at 31 December 20X1, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year then ended in accordance with IFRSs."

MS Singapore Limited and its Subsidiaries

Consolidated Statement of Comprehensive Income[1,2]

For the financial year ended 31 December 2021

		Notes	2021	2020[10]
SFRS(I) 1-1.51(d)(e)			S$'000	S$'000
	Continuing operations			
SFRS(I) 15.2, SFRS(I) 15.113(a), SFRS(I) 1-1.82(a)	Revenue	5	140,918	151,840
SFRS(I) 1-1.99	Cost of sales		(87,897)	(91,840)
SFRS(I) 1-1.85	Gross profit		53,021	60,000
SFRS(I) 1-1.85	Other income[12]			
	- Interest income	7	2,136	1,323
	- Others	7	2,119	2,033
SFRS(I) 1-1.99	Distribution expenses		(5,087)	(4,600)
SFRS(I) 1-1.99	Administration expenses		(17,202)	(19,554)
SFRS(I) 1-1.82(ba)	Net impairment gain/(losses) on trade receivables and contract assets[12]	24	39	(210)
SFRS(I) 1-1.82(b)	Finance costs	8	(4,803)	(6,418)
SFRS(I) 1-1.99	Other operating expenses		(2,801)	(2,612)
SFRS(I) 1-1.82(c)	Share of profits of associates[4]	19	1,186	1,589
SFRS(I) 1-1.82(c)	Share of profits of joint venture[4]	20	282	81
SFRS(I) 1-1.85	Profit before tax		28,890	31,632
SFRS(I) 1-1.82(d)	Income tax expense	9	(11,564)	(11,809)
SFRS(I) 1-1.85	Profit for the year from continuing operations[3]	12	17,326	19,823
	Discontinued operations[3]			
SFRS(I) 1-1.82(ea)	Profit for the year from discontinued operations	10	8,200	9,995
SFRS(I) 1-1.81A(a)	**TOTAL PROFIT FOR THE YEAR**		25,526	29,818
SFRS(I) 1-1.81A(b)	**Other comprehensive income, net of income tax**			
SFRS(I) 1-1.82A	**Items that will not be reclassified subsequently to profit or loss:**			
	Gains on revaluation of property, plant and equipment	28(b)	-	1,150
SFRS(I) 1-1.7(d)	Net gain on the fair value changes of equity instruments[13] at fair value through other comprehensive income	28(c)	66	136
	Remeasurement of defined benefit obligation	38	576	31
			642	1,317
SFRS(I) 1-1.82A	**Items that will be reclassified subsequently to profit or loss[14]:**			
SFRS(I) 1-1.7(e)	Cash flow hedges[6,7]	28(e)		
	- Fair value gain on effective hedges		305	221
	- Reclassification		(266)	(201)
	Exchange differences on translating foreign operations	28(f)		
	- Gains on translation of foreign operations		45	85
	- Reclassification[6,7]		(84)	-
			-	105
SFRS(I) 1-1.81A(b)	Other comprehensive income for the year, net of tax[5]		642	1,422
SFRS(I) 1-1.81A(c)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		26,168	31,240
	Profit for the year attributable to:			
SFRS(I) 1-1.81B(a)(ii)	Owners of the Company		21,526	27,055
SFRS(I) 1-1.81B(a)(i)	Non-controlling interests		4,000	2,763
			25,526	29,818

The accompanying notes form an integral part of these financial statements

MS Singapore Limited and its Subsidiaries

Consolidated Statement of Comprehensive Income[1,2]

For the financial year ended 31 December 2021

		Notes	2021 S$'000	2020[10] S$'000
SFRS(I) 1-1.103 *SFRS(I) 1-1.51(d)(e)*				
	Total comprehensive income for the year attributable to:			
SFRS(I) 1-1.81B(b)(ii)	Owners of the Company		22,168	28,477
SFRS(I) 1-1.81B(b)(i)	Non-controlling interests		4,000	2,763
			26,168	31,240
	Earnings per share[8,9]	13		
	From continuing and discontinued operations			
SFRS(I) 1-33.66	Basic (cents per share)		123.7	114.0
SFRS(I) 1-33.66	Diluted (cents per share)		113.3	113.6
	From continuing operations			
SFRS(I) 1-33.66	Basic (cents per share)		76.6	71.9
SFRS(I) 1-33.66	Diluted (cents per share)		70.3	71.6

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Comprehensive Income[1,2]

For the financial year ended 31 December 2021

Guidance Notes

Statement of comprehensive income, cash flow statement and statement of changes in shareholders' equity of the holding company

CA 201.5
SGX 1207.5

1) If consolidated financial statements are presented, the statement of comprehensive income, cash flow statement and statement of changes in shareholders' equity of the holding company need not be presented. However, the statement of financial position of the Company has to be presented. If consolidated financial statements are not presented (i.e., exempted under SFRS(I) 10.4(a), the statement of comprehensive income, cash flow statement and statement of changes in shareholders' equity of the holding company, forming a set of financial statements of the holding company, should be presented.

Alternative formats

SFRS(I) 1-1.99

2) An entity shall present an analysis of expenses using a classification based on either the function or the nature of the expenses, whichever provides information that is reliable and more relevant. In addition, an entity has the choice of presenting the statement of comprehensive income using a one-statement or a two-statement approach.

In this illustration, all items of income and expenses are presented (based on function) in a single statement of comprehensive income. Alternatively, the presentation of other comprehensive income can be separated into another statement (see **Appendix I** - Presentation of profit or loss and other comprehensive income).

Continuing/Discontinued operations

SFRS(I) 5.32

3) If there is no discontinued operation, the heading "Continuing operations" is not required. "Profit from continuing operations" and "Total profit for the year" should also be changed to "Net profit for the year".

Share of results of associates and joint ventures

SFRS(I) 1-1.82(c)

4) The share of results of associates refers to the Group's share of associates' results after tax and non-controlling interests accounted for in accordance with SFRS(I) 1-28 *Investment in Associates*. The share of results of joint ventures accounted for using equity accounting is presented similarly.

Other comprehensive income, net of tax

5) The financial statements present these items individually net of tax. Alternatively, an entity can present these items individually **gross** of tax and their total tax effects as a separate line item, as follows:

SFRS(I) 1-1.91

Extract of statement of comprehensive income illustrating other comprehensive income presented at gross before related tax effects:

	2021
Other comprehensive income:	*S$'000*
Items that will not be reclassified subsequently to profit or loss:	
Revaluation of freehold land and buildings	*XX*
Remeasurement of defined benefit obligation	*XX*
Equity investments at fair value through other comprehensive income	
- Fair value gains/loss	*XX*
Share of other comprehensive income of associates and joint venture ❶	*XX*
Income tax relating to component of other comprehensive income that will not be reclassified subsequently	*(XX)*
	XX
Items that will be reclassified subsequently to profit or loss:	
Debt instruments at fair value through other comprehensive income	
- Fair value gains/loss	*XX*
- Reclassification	*(XX)*
Gains/(losses) of exchange differences on translation of foreign operations	*XX*
Fair value gains arising from Cash flow hedges	*XX*
Share of other comprehensive income of associates and joint venture ❶	*XX*
Income tax relating to component of other comprehensive income that will be reclassified subsequently	*XX*
	XX
Other comprehensive income for the year, net of tax	*XX*

❶ *Share of Other Comprehensive Income of associates and joint ventures accounted for using the equity method, should be aggregated into a separate line item*, split between those items that will or will not be subsequently reclassified to profit or loss [SFRS(I) 1-1.82A(b)]

Consolidated Statement of Comprehensive Income[1,2]

For the financial year ended 31 December 2021

Guidance Notes

Other comprehensive income (cont'd)

5) An entity is required to disclose the amount of income tax relating to each item of other comprehensive income, including reclassification adjustments, either in the statement of profit or loss and other comprehensive income or in the notes.

Reclassification adjustments

SFRS(I) 1-1.92, 93, 95, 96

SFRS(I) 9.B5.7.1

6) Reclassification adjustments are adjustments for amounts previously recognised in other comprehensive income now reclassified to profit or loss. They arise, for example, on disposal of a foreign operation or when some hedged forecast cash flows affect profit or loss in relation to cash flow hedges). They do not arise, for example, on the disposal of property, plant and equipment measured at fair value under the revaluation model or on remeasurement of defined benefit plans, equity investments measured at fair value through other comprehensive income, and these components are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

SFRS(I) 1-1.94

7) An entity may present classification adjustments in the statement(s) of profit or loss and other comprehensive income or in the notes. An entity presenting reclassification adjustments in the notes presents the items of other comprehensive income after any related reclassification adjustments.

Earnings per share

SFRS(I) 1-33.66
SFRS(I) 1-33.67A

8) The Company should present both basic and diluted earnings per share on the statement of comprehensive income for each class of ordinary shares that has a different right to share in the net profit for the year.

SFRS(I) 1-33.69

An entity shall present basic and diluted earnings per share with equal prominence for all periods presented.

SFRS(I) 1-33.66

9) Where the Company reports a discontinued operation, SFRS(I) 1-33.66 requires the disclosure of basic and diluted earnings per share in the statement of comprehensive income, computed based on:

(a) profit or loss from continuing operations attributable to the parent entity; and
(b) profit or loss attributable to the parent entity.

The EPS attributable to discontinued operations can be presented either in the statement of comprehensive income or in the notes to the financial statements.

Reclassifications and restatements (not applicable to first time adopters of SFRS(I))

SFRS(I) 1-1.41

10) Where the <u>presentation or classification of items</u> in the statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the nature of the reclassification, the amount of each item or class of items that is reclassified and the reason for the reclassification. The following should be disclosed in the Notes to the financial statements as follows:

"Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. As a result, certain line items have been amended on the face of the statements of financial position, income statement, statement of changes in equity, cash flow statements and the related Notes to the financial statements. Comparative figures have been adjusted to conform with current year's presentation as follows:

Statement of Other Comprehensive Income
As at 31 December 2021

	2020 (As previously reported)	*Adjustments*	*2020 (restated)*
	S$'000	*S$'000*	*S$'000*
Revenue	*XXX*	*(XXX)*	*XXX*
Other income	*XXX*	*XXX*	*XXX*

. . . . "

Extraordinary items

SFRS(I) 1-1.87

11) The Company shall not present any items of income or expense as extraordinary items.

Guidance Notes

Disclosure of specified separate line items in the financial statements

SFRS(I) 1-1.82(a)
SFRS(I) 1-1.82(aa)
SFRS(I) 1-1.82(ba)

12) SFRS(I) 1-1 *Presentation of Financial Statements* following the release of SFRS(I) 9 now require the separate presentation of the following line items in the statement of profit or loss:

SFRS(I) 1-1.82(ca)
SFRS(I) 1-1.82(cb)

(a) interest revenue calculated using the effective interest rate method, separately from other revenue
(b) gains and losses from the derecognition of financial assets measured at amortised cost^
(c) impairment losses determined in accordance with SFRS(I) 9, including reversals of impairment losses or impairment gains
(d) gains and losses recognised as a result of a reclassification of financial assets from measurement at amortised cost to fair value through profit or loss^
(e) gains and losses reclassified from OCI as a result of a reclassification of financial assets from the fair value through OCI measurement category to fair value through profit or loss^

^ The item is not illustrated as the item is either not material or not applicable to the Group.

SFRS(I) 1-1.85
SFRS(I) 1-1.31
SFRS(I) 1-1.97
SFRS(I) 1-1.99

An entity that presents the analysis of expenses by function or by nature should consider how the above presentation interacts with new requirements in SFRS(I) 1-1. Judgement in determining an appropriate presentation is needed to ensure that the chosen presentation is not misleading and is relevant to the users' understanding of its financial statements. In this illustration, the Group has applied judgement to disaggregate the impairment loss related to trade receivables from administrative expenses and presented separately in the statement of profit or loss. The Group believes that this presentation is relevant to an understanding of its financial performance.

SFRS(I) 15(App.A)

The Group has presented interest income as part of 'Other Income' because it does not consider it as part of its revenue-generating activities. If interest income, calculated using the effective interest method, constituted revenue, then paragraph 82(a) of SFRS(I) 1-1 would require the entity to separately present that income as interest revenue.

SFRS(I) 9.B5.7.1

13) For equity investments classified as financial assets, at FVOCI, the subsequent fair value changes are recognised in other comprehensive income and will not be reclassified to profit or loss upon disposal. Instead, the entity may transfer the cumulative fair value gain or loss within equity upon disposal.

SFRS(I) 9.B5.7.1A

14) In this illustration, the Group does not have debt investments classified as financial assets, at FVOCI.

SFRS(I) 7.20(a)(viii)
SFRS(I) 1-1.92

For debt instruments which are classified as financial assets, at FVOCI, subsequent fair value changes are recognised in other comprehensive income, except for interest income, impairment and foreign exchange gains and losses which are recognised in the profit or loss. Fair value changes on such debt instruments which were previously recognised in other comprehensive income will be subsequently reclassified to profit or loss when the instrument is derecognised. For disclosure purpose, such reclassification of fair value changes on debt instruments to profit or loss must be disclosed separately. Please refer to Guidance Note 5 of this Consolidated Statement of Comprehensive Income.

Disclosure initiatives

SFRS(I) 1-1.30A, 55A, 85A, 85B

15) Under SFRS(I) 1-1, entities do not aggregate or disaggregate information in a manner that obscures useful information. Additional subtotals are acceptable if they are made up of items recognised and measured under SFRS(I), presented and labelled in a manner understandable and consistent from period to period. An entity is also permitted to disaggregate specific line items required by SFRS(I) 1-1. Management has to consider the understandability and comparability of financial statements when determining the order of notes. For example, the significant accounting policies of the Company can be disclosed along with each relevant note to the financial statements to make this critical information more prominent and easier to find.

MS Singapore Limited and its Subsidiaries

Statements of Financial Position

For the financial year ended 31 December 2021

		Notes	Group 2021 S$'000	Group 2020[1] S$'000	Company 2021 S$'000	Company 2020[1] S$'000
SFRS(I) 1-1.113 SFRS(I) 1-1.51(d)(e)	**Assets**					
SFRS(I) 1-1.60	***Non-current assets***					
SFRS(I) 1-1.54(a)	Property, plant and equipment[4]	14	113,854	140,244	-	-
SFRS(I) 1-1.54(b)	Investment properties	15	1,936	1,642	-	-
SFRS(I) 1-1.55	Goodwill	16	20,285	24,060	-	-
SFRS(I) 1-1.54(c)	Other intangible assets	17	10,249	11,325	-	-
SFRS(I) 1-1.55	Investment in subsidiaries	18	-	-	125,000	100,000
SFRS(I) 1-1.54(e)	Investment in associates	19	5,200	3,840	-	-
SFRS(I) 1-1.54(e)	Investment in joint venture	20	2,202	1,920	-	-
SFRS(I) 1-1.55	Finance lease receivables	25	820	707	-	-
SFRS(I) 1-1.54(d)	Other financial assets[2]	21	6,003	7,857	-	-
SFRS(I) 1-1.54(d)	Derivatives	22	312	263	-	-
			160,861	191,858	125,000	100,000
	Current assets					
SFRS(I) 1-1.54(g)	Inventories	23	30,694	28,982	-	-
SFRS(I) 1-1.54(h)	Trade and other receivables	24	23,465	19,714	13,902	12,003
SFRS(I) 1-1.55	Finance lease receivables	25	208	198	-	-
SFRS(I) 1-1.55	Contract assets[3]	5	234	225	-	-
SFRS(I) 1-1.55	Other current assets	5	60	60	-	-
SFRS(I) 1-1.54(m)	Other financial assets[2]	21	8,996	4,700	-	-
SFRS(I) 1-1.54(n)	Current tax assets	9	125	60	-	-
SFRS(I) 1-1.54(d)	Derivatives[2]	22	208	137	-	-
SFRS(I) 1-1.54(i)	Cash and bank balances	26	7,621	19,778	8,527	8,912
	Assets of disposal group classified as held for sale	11	22,336	-	-	-
			93,947	73,854	22,429	20,915
	Total assets		**254,808**	**265,712**	**147,429**	**120,915**

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

MS Singapore Limited and its Subsidiaries

Statements of Financial Position

For the financial year ended 31 December 2021

Reference		Notes	Group 2021 S$'000	Group 2020[1] S$'000	Company 2021 S$'000	Company 2020[1] S$'000
SFRS(I) 1-1.113; SFRS(I) 1-1.51(d)(e)	**Equity and liabilities**					
	Capital and reserves					
SFRS(I) 1-1.55	Issued capital	27	32,198	48,672	32,198	48,672
SFRS(I) 1-1.55	Reserves	28	3,938	3,315	-	-
SFRS(I) 1-1.55	Retained earnings		110,938	94,571	111,198	68,709
SFRS(I) 1-1.54(r)	Equity attributable to owners of the Company		147,074	146,558	143,396	117,381
SFRS(I) 1-1.54(q)	Non-controlling interests	30	23,453	20,005	-	-
	Total equity		170,527	166,563	143,396	117,381
SFRS(I) 1-1.60	***Non-current liabilities***					
SFRS(I) 1-1.55	Borrowings[4]	31	23,434	35,067	-	-
SFRS(I) 1-1.55	Retirement benefit plans	37	1,703	1,482	-	-
SFRS(I) 1-1.54(o)	Deferred tax liabilities	9	4,690	3,703	-	-
SFRS(I) 1-1.54(l)	Provisions	35	511	427	-	-
			30,338	40,679	-	-
SFRS(I) 1-1.60	***Current liabilities***					
SFRS(I) 1-1.54(k)	Trade and other payables	36	23,409	24,980	4,033	3,534
SFRS(I) 1-1.55	Borrowings[4]	31	21,806	26,983	-	-
SFRS(I) 15.116(a)	Contract liabilities[3]	5	31	10	-	-
SFRS(I) 1-1.54(m)	Other financial liabilities[2]	33	111	18	-	-
	Derivatives[2]	34	80	-	-	-
SFRS(I) 1-1.54(n)	Current tax liabilities	9	5,270	5,868	-	-
SFRS(I) 1-1.54(l)	Provisions	35	747	611	-	-
SFRS(I) 1-1.54(p)	Liabilities directly associated with disposal group classified as held for sale	11	2,489	-	-	-
			53,943	58,470	4,033	3,534
	Total liabilities		84,281	99,149	4,033	3,534
	Total equity and liabilities		**254,808**	**265,712**	**147,429**	**120,915**

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

Statements of Financial Position

For the financial year ended 31 December 2021

Guidance Notes

Reclassifications and restatements (not applicable to first time adopters of SFRS(I))

SFRS(I) 1-1.40B

1) When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, it shall present, as a minimum, three statements of financial position, two of each of the other statements, and related notes.

An entity presents statements of financial position as at:

(a) the end of the current period;

(b) the end of the previous period; and

(c) the beginning of the earliest comparative period.

SFRS(I) 1-1.40C

When an entity is required to present an additional statement of financial position in accordance with paragraph 40A of SFRS(I) 1-1, it must disclose the information required in paragraph 41 of SFRS(I) 1-1(see below). However, it need not present the related notes to the opening statement of financial position as at the beginning of the preceding period.

SFRS(I) 1-1.41

Where the presentation or classification of items in the statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the nature of the reclassification, the amount of each item or class of items that is reclassified and the reason for the reclassification.

Separate line items for financial assets and liabilities

SFRS(I) 1-1.54, SFRS(I) 7.8

2) The Standards do not require separate line items for financial instruments measured at fair value through profit or loss, at fair value through other comprehensive income and at amortised cost. In this illustration, the Group combined them into one line item on the statement of financial position with details in a note. However, depending on the significance of these items, each can be separately shown as a line item respectively. An entity can disclose, either in the statement of financial position or in the notes, of the carrying amounts of financial assets and liabilities by the following categories:

(a) Financial assets measured at fair value through profit or loss (FVPL), showing separately those mandatorily classified and those designated upon initial recognition.

(b) Financial liabilities measured at FVPL, showing separately those that meet the definition of held for trading and those designated upon initial recognition.

(c) Financial assets measured at amortised cost.

(d) Financial liabilities measured at amortised cost.

(e) Financial assets measured at fair value through other comprehensive income (FVOCI), showing separately debt and equity instruments.

In this illustration, the carrying amounts of the financial assets and liabilities are presented in the notes.

Presentation of contract assets and liabilities

SFRS(I) 15.109

3) Contract assets and contract liabilities do not have to be referred to as such and do not need to be presented separately in the statement of financial position, as long as the entity provides sufficient information for users of financial statements to distinguish them from other items.

Presentation of Right-of-use assets

SFRS(I) 16.47

4) In this illustration, the Group does not present right-of-use assets and lease liabilities as separate line items on the statement of financial position. Right-of-use assets (except those meeting the definition of investment property) and lease liabilities do not need to be presented as a separate line item on the statement of financial position, as long as they are disclosed separately in the notes. Where right-of-use assets are presented within the same line item as the corresponding underlying assets would be presented if they were owned, the lessee must disclose which line items in the statement of financial position include those right-of-use assets.

SFRS(I) 16.48

Right-of-use assets that meet the definition of investment property must be presented in the statement of financial position as investment property.

MS Singapore Limited and its Subsidiaries

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

			Attributable to equity holders of the Company											
SFRS(I) 1-1.113 *SFRS(I) 1-1.51(d)(e)*		Notes	Share capital S$'000	General reserve S$'000	Revaluation reserve S$'000	Fair value adjustment S$'000	Equity-settled employee benefits reserve S$'000	Cash flow hedging reserve S$'000	Foreign currency translation reserve S$'000	Option premium on convertible bond S$'000	Retained earnings S$'000	Attributable to equity holders of the Company S$'000	Non-controlling interests S$'000	Total S$'000
	Balance at 1 January 2021		48,672	807	1,201	606	338	278	85	-	94,571	146,558	20,005	166,563
SFRS(I) 1-1.106(d)(i)	Profit or loss for the year		-	-	-	-	-	-	-	-	21,526	21,526	4,000	25,526
SFRS(I) 1-1.106(d)(ii)	Other comprehensive income for the year, net of tax		-	-	-	66	-	39	37	-	576	718	-	718
SFRS(I) 1-1.106(a)	Total comprehensive income for the year[1]		-	-	-	66	-	39	37	-	22,102	22,244	4,000	26,244
SFRS(I) 1-1.106(d)(iii)	Payment of dividends	29	-	-	-	-	-	-	-	-	(5,560)	(5,560)	-	(5,560)
SFRS(I) 1-1.106(d)(iii)	Acquisition of non-controlling interests	18	-	-	-	-	-	-	-	-	(212)	(212)	(731)	(943)
SFRS(I) 1-1.106(d)(iii)	Partial disposal of interests in subsidiaries to non-controlling interests, without loss of control	18	-	-	-	-	-	-	-	-	34	34	179	213
SFRS(I) 1-1.106(d)(iii)	Recognition of share-based payments	28	-	-	-	-	206	-	-	-	-	206	-	206
SFRS(I) 1-1.106(d)(iii)	Issue of ordinary shares under employee share option plan	27	314	-	-	-	(314)	-	-	-	-	-	-	-
SFRS(I) 1-1.106(d)(iii)	Issue of ordinary shares	27	108	-	-	-	-	-	-	-	-	108	-	108
SFRS(I) 1-32.28	Issue of convertible bond - equity component	28(g)	-	-	-	-	-	-	-	834	-	834	-	834
SFRS(I) 1-32.39	Share issue costs	27	(6)	-	-	-	-	-	-	-	-	(6)	-	(6)
SFRS(I) 1-1.109	Buy-back of ordinary shares	27	(16,697)	-	-	-	-	-	-	-	-	(16,697)	-	(16,697)
SFRS(I) 1-32.39	Share buy-back costs	27	(277)	-	-	-	-	-	-	-	-	(277)	-	(277)
	Transfer to retained earnings	28(b)	-	-	(3)	-	-	-	-	-	3	-	-	-
SFRS(I) 1-1.106(d)(iii)	Income tax relating to transactions with owners	28(g)	84	-	-	-	-	-	-	(242)	-	(158)	-	(158)
	Balance at 31 December 2021		32,198	807	1,198	672	230	317	122	592	110,938	147,074	23,453	170,527

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

MS Singapore Limited and its Subsidiaries

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

		Notes	Share capital	General reserve	Revaluation reserve	Fair value adjustment	Equity-settled employee benefits reserve	Cash flow hedging reserve	Foreign currency translation reserve	Option premium on convertible bond	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
SFRS(I) 1-1.113			← Attributable to equity holders of the Company →											
SFRS(I) 1-1.51(d)(e)			S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
	Balance at 1 January 2020		48,672	807	51	470	-	258	-	-	73,964	124,222	17,242	141,464
SFRS(I) 1-1.106(d)(i)	Profit or loss for the year		-	-	-	-	-	-	-	-	27,055	27,055	2,763	29,818
SFRS(I) 1-1.106(d)(ii)	Other comprehensive income for the year, net of tax		-	-	1,150	136	-	20	85	-	31	1,422	-	1,422
SFRS(I) 1-1.106(a)	Total comprehensive income for the year[1]		-	-	1,150	136	-	20	85	-	27,086	28,477	2,763	31,240
SFRS(I) 1-1.106(d)(iii)	Payment of dividends	29	-	-	-	-	-	-	-	-	(6,479)	(6,479)	-	(6,479)
SFRS(I) 1-1.106(d)(iii)	Recognition of share-based payments	28(d)	-	-	-	-	338	-	-	-	-	338	-	338
	Balance at 31 December 2020		48,672	807	1,201	606	338	278	85	-	94,571	146,558	20,005	166,563

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

Guidance Notes
Presentation of each component of equity in the Consolidated Statement of Changes in Equity ("SoCE")

SFRS(I) 1-1.106A
SFRS(I) 1-1106(d)(ii)

1) SFRS(I) 1-1.106A requires a presentation of an analysis of other comprehensive income by item either in the statement of changes in equity or in the notes. In this illustration, the statement of changes in equity does not specify in detail each item of other comprehensive income because this is presented in Note 28 Reserves.

MS Singapore Limited and its Subsidiaries

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

Reference		Notes	2021	2020
SFRS(I) 1-1.113				
SFRS(I) 1-1.51(d)(e)			S$'000	S$'000
SFRS(I) 1-7.10	**Cash flows[1] from operating activities**			
SFRS(I) 1-7.18(b)	Profit for the year		25,526	29,818
SFRS(I) 1-7.20(b)(c)				
	Adjustments[2] for:			
	Income tax expense recognised in profit or loss		14,724	14,807
SFRS(I) 1-7.20(b)	Share of profits of associates		(1,186)	(1,589)
	Share of profits of joint ventures		(282)	(81)
	Finance costs recognised in profit or loss[3]		4,803	6,023
	Investment income recognised in profit or loss		(2,286)	(1,473)
	Gain on disposal of property, plant and equipment		(6)	(67)
	Gain on revaluation of investment property		(297)	(8)
	Gain on disposal of subsidiary		(1,940)	-
	Net loss/(gain) arising on financial assets classified as held for trading		707	(72)
	Hedge ineffectiveness on cash flow hedges		(89)	(68)
SFRS(I) 1-7.20(b)	Depreciation of property, plant and equipment		12,587	15,794
SFRS(I) 1-7.20(b)	Amortisation of other intangible assets		1,291	1,261
	Impairment loss on goodwill		235	-
	Impairment loss on Property, Plant and Equipment		1,204	-
SFRS(I) 1-7.28	Net unrealised foreign exchange (gain)/loss[7]		(3,228)	1,800
	Expense recognised in respect of equity-settled share-based payments		206	338
	Amortisation of financial guarantee contracts		6	18
			51,975	66,501
SFRS(I) 1-7.20(a)	Movements in working capital			
	Increase in trade and other receivables		(2,287)	(1,880)
	(Increase)/decrease in inventories		(1,721)	204
	Decrease in trade and other payables		(1,471)	(29,979)
	Increase/(decrease) in provisions		220	(941)
	Cash generated from operations		46,716	32,882
SFRS(I) 1-7.31	Interest paid[3]		(4,500)	(6,079)
SFRS(I) 1-7.35	Income taxes paid		(10,619)	(13,340)
	Net cash generated by operating activities		31,597	14,486

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

MS Singapore Limited and its Subsidiaries

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

Reference		Notes	2021	2020
SFRS(I) 1-1.113				
SFRS(I) 1-1.51(d)(e)			S$'000	S$'000
SFRS(I) 1-7.10, 21	**Cash flows from investing activities**			
SFRS(I) 1-7.16(c)	Payments to acquire financial assets		(2,652)	(451)
SFRS(I) 1-7.31	Interest and investment income received[3]		2,286	2,197
SFRS(I) 1-7.31	Dividends received from associates[3]		30	25
SFRS(I) 1-7.31	Other dividends received[3]		156	154
SFRS(I) 1-7.16(e)	Amounts advanced to related parties		(1,128)	(4,311)
SFRS(I) 1-7.16(f)	Repayments by related parties		1,964	1,470
SFRS(I) 1-7.16(a)	Payments for property, plant and equipment[4]		(22,932)	(11,875)
SFRS(I) 1-7.16(b)	Proceeds from disposal of property, plant and equipment		11,462	21,245
SFRS(I) 1-7. 16(a)	Payments for investment property		(10)	(12)
SFRS(I) 1-7.16(b)	Proceeds from disposal of investment property		-	58
SFRS(I) 1-7.16(a)	Payments for other intangible assets		(215)	(250)
SFRS(I) 1-7.39	Net cash inflow on disposal of subsidiary		7,566	-
SFRS(I) 1-7.39	Net cash outflow on acquisition of subsidiaries		(517)	-
	Net cash (used in)/generated by investing activities		(3,990)	8,250
SFRS(I) 1-7.10, 21	**Cash flows from financing activities**			
SFRS(I) 1-7.17(a)	Proceeds from issue of equity shares		108	-
SFRS(I) 1-7.17(a)	Proceeds from issue of convertible bond		4,839	-
	Payment for share issue costs		(6)	-
SFRS(I) 1-7.17(b)	Payment for buy-back of shares		(16,697)	-
	Payment for share buy-back costs		(277)	-
SFRS(I) 1-7.17(c)	Proceeds from bank borrowings		8,651	26,798
SFRS(I) 1-7.17(d)	Repayment of bank borrowings		(10,018)	(23,197)
	Repayment of loan from related parties		(18,944)	-
SFRS(I) 1-7.31	Dividends paid to owners of the Company[3]		(5,560)	(6,479)
SFRS(I) 1-7.42A	Proceeds from partial disposal in a subsidiary, without loss of control[9]		213	-
SFRS(I) 1-7.17(e)	Principal payment of lease liability		(1,035)	(1,035)
SFRS(I) 1-7.42A	Acquisition of non-controlling interest		(943)	-
	Net cash used in financing activities		(39,669)	(3,913)
	Net (decrease)/increase in cash and cash equivalents		(12,062)	18,823
	Cash and cash equivalents[5, 6] at the beginning of the year		19,400	761
SFRS(I) 1-7.28	Effects of exchange rate changes on the balance of cash held in foreign currencies[8]		(80)	(184)
	Cash and cash equivalents[5,6] at the end of the year	**26**	**7,258**	**19,400**

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

MS Singapore Limited and its Subsidiaries

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

Guidance Notes

Direct method

SFRS(I) 1-7.18(a)

1) An entity can present its cash flow statement using the direct or indirect method; the latter is illustrated in this publication. When the direct method is used, the cash flows from operating activities shall be presented as follows:

"

	2021 S$'000	2020 S$'000
Cash flows from operating activities		
Cash receipts from customers	*xxx*	*xxx*
Cash paid to suppliers and employees	*(xxx)*	*(xxx)*
Cash generated from operations	*xxx*	*xxx*
Interest paid	*(xxx)*	*(xxx)*
Income taxes paid	*(xxx)*	*(xxx)*
Net cash provided by operating activities	*xxx*	*xxx*

"

SFRS(I) 1-7.AppA
SFRS(I) 1-7.19

The rest of the "direct method" consolidated cash flow statement is similar to that of the indirect method.

Discontinued operations

2) Non-cash items excluded from profit for purposes of the cash flow statement/statement of cash flows should include those non-cash items attributed to discontinued operations.

Dividends and interest

SFRS(I) 1-7.31
SFRS(I) 1-7.32

3) Cash flows from interest received and paid and dividends received shall each be disclosed separately, and classified consistently period to period. The interest amounts to be adjusted against profit after tax are the amounts charged or credited to profit or loss.

SFRS(I) 1-7.33

SFRS(I) 1-7.34

Interest paid and interest and dividends received are usually classified as operating cash flows for a financial institution. However, there is no consensus on the classification of these cash flows for other entities. Interest paid and interest and dividends received may be classified as operating cash flows because they enter into the determination of profit or loss. Alternatively, interest paid and interest/dividends received may be classified as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments. Dividends paid may be classified as a financing cash flow because they are a cost of obtaining financial resources. Alternatively, dividends paid may be classified as a component of cash flows from operating activities in order to assist users to determine the ability of an entity to pay dividends out of operating cash flows.

Additions to property, plant and equipment

SFRS(I) 1-7.44

4) Additions to property, plant and equipment in the cash flow statement/statement of cash flows should be net of hedging gains/losses transferred from hedging reserve and additions acquired through finance lease.

Restricted cash and cash equivalents

5) An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the enterprise that are not available for use by the group. Examples include cash and cash equivalent balances held by a subsidiary that operates in a country where exchange controls or other legal restrictions apply where the balances are not available for general use by the parent or other subsidiaries.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

Guidance Notes

Definition of cash and cash equivalents

SFRS(I) 1-7.7

6) An investment normally qualifies as a cash equivalent only when it is a short-term, highly liquid investment that is readily convertible to known amounts of cash, and which is subject to an insignificant risk of changes in value.

Currency translation differences

SFRS(I) 1-7.28

7) The adjustment of total profit for unrealised currency translation losses/(gains) usually includes currency translation differences on monetary items that form part of investing or financing activities such as long-term loans. This is because these currency translation differences are included as a part of profit or loss for the financial year and need to be eliminated in arriving at the net cash flows from operating activities, as they do not relate to operating activities.

SFRS(I) 1-7.28

8) Currency translation differences that arise on the translation of foreign currency cash and cash equivalents should be reported in the statement of cash flows in order to reconcile opening and closing balances of cash and cash equivalents, separately from operating, financing and investing cash flows.

Acquisition/Disposal of non-controlling interest

SFRS(I) 1-7.54
SFRS(I) 1-7.42A

9) SFRS(I) 1-7 requires cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control to be classified as cash flows from financing activities.

SFRS(I) 1-7.42B

Changes in ownership interests in a subsidiary that do not result in a loss of control, such as stepped purchases or sales by a parent of a subsidiary's equity instruments that do not result in gain/loss of control of the subsidiary, are accounted for as equity transactions. Accordingly, the resulting cash flows are classified in the same ways as other transactions with owners i.e., financing cash flow.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

1. General Information[1,2,3]

SFRS(I) 1-1.138(a)

MS Singapore Limited (the "Company") is listed on the Singapore Exchange and is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 10 Anson Road, #29-15 International Plaza, Singapore 079903.

SFRS(I) 1-1.138(b)

The principal activity of the Company is investment holding. The principal activities of its subsidiaries, associates, and joint ventures are described in Note 18 Investment in subsidiaries, Note 19 Investment in associates and Note 20 Investment in Joint Venture.

SFRS(I) 1-24.13
SFRS(I) 1-1.138(c)

The immediate parent and ultimate controlling party of the Group are MS Limited (incorporated in USA) and MS Global Limited (incorporated in United Kingdom) respectively.

Guidance Notes

SFRS(I) 1-1.138

1) The following items shall be disclosed in the financial statements unless they are disclosed elsewhere in information published with the financial statements (i.e., in the other sections of the Annual Report):

SFRS(I) 1-1.138(a)

(a) the domicile and legal form of the reporting entity, its country of incorporation and the address of the registered office (or principal place of business, if different from the registered office);

SFRS(I) 1-1.138(b)

(b) a description of the nature of the entity's operations and its principal activities;

SFRS(I) 1-1.138(c)
SFRS(I) 1-24.13

(c) the name of the parent company and the ultimate parent company of the group; and if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed; and

SFRS(I) 1-1.138(d)

(d) if it is a limited life entity, information regarding the length of its life.

SFRS(I) 1-1.51(a)

2) If the Company changes its name during the financial year, the change shall be disclosed. A suggested disclosure is as follows:

"With effect from [effective date of change], the name of the Company was changed from [ABC Pte Ltd] to [BCA Pte Ltd]."

Disclosure of this change during the year should be made in both the directors' statement and notes to the financial statements. Further, all references to the Company's name in the directors' statement, auditors' report and financial statements should be based on the new name, followed by the words "Formerly known as [old name]."

SFRS(I) 1-1.113 - 114

3) An entity should present the notes in a systematic manner appropriately, cross-referenced to each item in the primary financial statements. These notes can be presented in a flexible order.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

2. Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s")

SFRS(I) 1-8.30

(a) Application of new and revised SFRS(I)s and SFRS(I) INTs

On 1 January 2021, the Group has adopted the following new or amended SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INTs. The adoption of these new or amended SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Guidance Notes

Adoption of amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2

1) In this illustration, the Group has assessed it does not have any financial contracts related to the IBOR reform. If an entity holds financial contracts that referenced benchmark interest rates that will be replaced by alternative benchmark rates during the IBOR reform, the entity is required to disclose the changes to their accounting policies arising from the adoption of the above amendments and provide the disclosures added to SFRS(I) 7 *Financial Instruments: Disclosures*. This includes entities that have exposure to interest rates where (i) the interest rates are dependent on IBORs; and (ii) these IBORs are subject to interest rate benchmark reform. Illustrative wordings are provided below:

"In the current year, the Group has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2. The amendments allow the Group to reflect the effects of transitioning from Interbank Offered Rates (IBOR) to alternative benchmark interest rates without giving rise to accounting impacts. Comparative amounts have not been restated. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

The amendments provide temporary reliefs which address the financial reporting effects when an IBOR is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- *A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.*
- *Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.*
- *Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.*

The updated accounting policies are disclosed in Note [x}. For the year ended 31 December 2021, the Group has applied the practical expedients provided under Phase 2 to amendments to $[XXX] of its long-term bank borrowings, as disclosed in Note [X]. Please refer to Note [X} for the related disclosures about risks, [financial assets and financial liabilities indexed to IBOR and hedge accounting]...."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

2. Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s")

SFRS(I) 1-8.30

(b) SFRS(I)s and SFRS(I) INTs issued but not yet effective[1]

At the date of authorisation of these financial statements, the following standards that have been issued and are relevant to the Group and Company but not yet effective:

Description	Effective Date (Annual periods beginning on or after)
COVID-19 Related Rent Concessions beyond 30 June 2021 - Amendments to SFRS(I) 16[2]	1 April 2021
Annual Improvements to SFRS(I)s/FRSs Standards 2018-2021 Cycle - SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) - SFRS(I) 9 Financial Instruments - Fees in the '10 per cent' test for derecognition - SFRS(I) 1-41 Agriculture – Taxation in Fair Value Measurements	1 January 2022
Amendments to SFRS(I) 3 Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 Provisions - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of liabilities as current or non-current	1 January 2023
Amendments to SFRS(I) 1-1: Disclosure of Accounting Policies and SFRS(I) Practice Statement 2 Making Materiality Judgements	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely, early application is still permitted

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

Guidance Notes

SFRS(I)s and SFRS(I) INTs issued but not yet effective

1) SFRS(I) 1-8 requires an entity to:
   a) disclose those standards or interpretations that have been issued which are not yet effective; and
   b) provide known or reasonably estimable information to assess the possible impact that the application of such SFRS(I)s will have on the entity's financial statements in the period of initial application.

   Therefore, the Group has listed those SFRS(I)s and SFRS(I) INTs that are issued but not yet effective and **relevant** to the Group. Only those SFRS(I)s and SFRS(I) INTs, which are relevant to the entity, should be indicated. Each entity should customise the note accordingly to include standards that are applicable to the entity. Please see Appendix V for the illustrative disclosures of adoption of the new and revised standards.

Early adoption of amendments to SFRS(I) 16 COVID-19 Related Rent Concessions beyond 30 June 2021

2) A sample disclosure is provided if an entity has elected to early adopt the amendments to SFRS(I) 16:

SFRS(I) 16.C1C, 46A-B
SFRS(I) 16.60A(a), (b)

   "The Group has elected to early adopt the amendments to SFRS(I) 16 which provided a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:
   a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
   b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
   c) there is no substantive change to other terms and conditions of the lease.

   The Group has elected to apply this practical expedient to all [X] lease. As a result of applying the practical expedient, rent concessions of $XXX (Note [X]) was recognised as negative variable lease payments (i.e., reduction in the rental expenses) in the profit or loss during the year."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies

SFRS(I) 1-1.112(a)

(a) Basis of preparation

SFRS(I) 1-1.117
SGX 1207.5(d)
SFRS(I) 1-1.51(d)(e)

The financial statements[1] have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in Singapore dollars (SGD or S$), which is the functional currency of the Company. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

Guidance Notes

Going concern assumption

SFRS(I) 1-1.25
SFRS(I) 1-1.122

1) In view of the continued uncertainties of the COVID-19, there may be material uncertainties that cast doubt on the entity's ability to operate as a going concern. Therefore, when preparing financial statements, management shall make an assessment of the entity's ability to continue as a going concern, taking into consideration the existing and anticipated effects of the COVID-19 on the entity's business activities. In assessing whether the going concern assumption is appropriate, SFRS(I) 1-1 requires an entity to consider all available information about the future, <u>which is at least, but not limited to, twelve months from the end of the reporting period</u>. A wide range of factors should be considered, such as: current and expected profitability, debt repayment schedules and potential sources of replacement financing and the ability to continue providing services. If management concludes that the entity may be liquidated (either by choice or because it has no realistic alternative but to do so), the going concern assumption would not be appropriate and the financial statements may have to be prepared on another basis, such as a liquidation basis.

   Where the effect of the judgement made in relation to the entity's ability to continue as a going concern has significant effect on the amounts recognised in the financial statements, the significant judgement made must be disclosed.

SFRS(I) 1-1.25

   When management is aware of material uncertainties related to events or conditions which may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed, even if management eventually concludes that it is appropriate to prepare the financial statements on a going concern basis.

SFRS(I) 1-1.25

   Illustrative disclosure:

   "The Group incurred a net loss of S$ XXX (2020: S$ XXX) and total comprehensive loss of S$ XXX (2020: S$ XXX) during the financial year ended 31 December 2021 and as that date, the Group's current liabilities and total liabilities exceeded its current assets and total assets by S$ XXX (2020: S$ XXX) and S$ XXX (2020: S$ XXX) respectively.

   These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The ultimate holding company has undertaken to provide continuing financial support and/or the Group is able to generate profits and/or sufficient positive cash flows from its operations. If the Group is unable to continue its operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to the financial statements."

   Illustrative disclosure:
   "The Company incurred a net loss of S$ XXX (2020: S$ XXX) and total comprehensive loss of S$ XXX (2020: S$ XXX) during the financial year ended 31 December 2021 and as at that date, the Company's current and total liabilities exceeded its current and total assets by S$ XXX (2020: S$ XXX) and S$ XXX (2020: S$ XXX) respectively. These financial statements are prepared on a realisation basis because management intends to liquidate the Company within the next 12 months from the reporting date. Accordingly, all assets as at 31 December 2021 are measured at the lower of their carrying amounts and estimated realisable values and all liabilities as at 31 December 2021 are measured at their estimated settlement amounts."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(b) Group accounting

i. Subsidiaries

SFRS(I) 10.7
SFRS(I) 10.20
SFRS(I) 10.25

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated[1,3] from the date on which control[2] is transferred to the Group. They are deconsolidated from the date that control ceases.

SFRS(I) 10.B41, B42

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

SFRS(I) 3.32

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the fair value of the fair value of the investee's identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Gains and losses on the disposal of subsidiaries, include the carrying amount of goodwill relating to the entity sold.

SFRS(I) 3.3, 3.4, 3.32, 3.34, 3.53, B5-B12

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a 'fair value concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in IFRS 3.

SFRS(I) 3.37
SFRS(I) 3.39
SFRS(I) 3.18
SFRS(I) 3.19

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

SFRS(I) 3.53

SFRS(I) 3.42

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

SFRS(I) 3.58

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(b) Group accounting (cont'd)

i. Subsidiaries (cont'd)

SFRS(I) 3.B63(a)
SFRS(I) 3.34

If the total of consideration transferred, non-controlling interest recognised and previously-held interest measured is less than the fair value of the net assets of the subsidiary acquired as in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

SFRS(I) 10.23

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of interests in subsidiaries to non-controlling interests without loss of control are also recorded in equity.

SFRS(I) 10.25
SFRS(I) 10.B98
SFRS(I) 10.B99

When the Group loses control of a subsidiary, it:
- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference in profit or loss.

Guidance Notes

Reporting date of subsidiary

SFRS(I) 10.B92

1) The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements shall have the **same reporting date**. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial statements as of the same date as the financial statements of the parent, to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

SFRS(I) 10.B93

Where it is impracticable to do so, the parent may use the financial statements of a subsidiary prepared as of a reporting date different from that of the parent, provided adjustments are made for the effects of significant transactions or events that occur between that date and the date of the parent's financial statements, and the difference between the reporting dates of the subsidiary and parent is no more than three months. In addition, the length of the reporting periods and any difference in the reporting dates shall be the same from period to period.

SFRS(I) 1-28.33

A similar requirement applies to the financial statements of associates and joint ventures used for the purpose of equity accounting, as appropriate.

Business Combinations involving entities under common control

SFRS(I) 3.2
SFRS(I) 3.App B

2) In this illustration, there is no business combination involving entities under common control. Where a business combination involves entities or businesses under common control, it is outside the scope of SFRS(I) 3 *Business Combinations* and may be accounted for using the pooling of interest method or the acquisition method (when the transaction has substance from the perspective of the reporting entity).

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(b) Group accounting (cont'd)

Guidance Notes

Business Combinations involving entities under common control (cont'd)

SFRS(I) 3.2
SFRS(I) 3.App B

2) Illustrative accounting policy where the pooling of interest method is applied:

RAP 12.9

"Business Combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination. Any difference between the consideration paid and the share capital of the "acquired" 'entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control."

Exemption from consolidation

SFRS(I) 10.4(a)

3(a) When a parent is exempted under paragraph 4(a) of SFRS(I) 10 *Consolidated Financial Statements* from preparing consolidated financial statements and elects to use the exemption and prepare separate financial statements, the following disclosure can be considered:

"These financial statements are the separate financial statements of [Company name]. The Company is exempted from the preparation of consolidated financial statements as,

i. the Company is a wholly-owned subsidiary of MS Global Limited, a UK-incorporated company;

ii. the Company's equity instruments are not traded in a public market;

iii. the Company did not file, nor is in the process of filing its financial statements for the purpose of issuing any class of instruments in a public market; and

iv. MS Global Limited, the ultimate controlling party, produces consolidated financial statements that are available for public use and comply with SFRS(I)s (or International Financial Reporting Standards, delete where applicable), in which subsidiaries are consolidated (or are measured at fair value through profit or loss in accordance with SFRS(I) (or IFRS 10 Consolidated Financial Statements), delete where applicable).

The registered office of MS Global Limited is as follows: St Paul's House, Warwick Lane, London EC4M 7BP, UK."

The exemption above also applies to investment in associates and joint ventures.

SFRS(I) 1-27.16(b)(c)

3(b) The exempted parent that elects to prepare separate financial statement shall also disclose a list of significant investments in subsidiaries, jointly-controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest (and if different, proportion of voting power held) and a description of the method used to account for these investments.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(b) Group accounting (cont'd)

ii. Associates and joint ventures[1]

SFRS(I) 1-28.3 and 5, SFRS(I) 11.16

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

SFRS(I) 1-28.32(a)

Goodwill on acquisition of associates or joint ventures represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates and joint ventures is included in the carrying amount of the investments. Gains and losses on the disposal of associates and joint ventures include the carrying amounts of goodwill relating to the entity sold.

SFRS(I) 1-28.10
SFRS(I) 1-28.32

Investments in associates and joint ventures are accounted for using the equity method of accounting less impairment losses, if any. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

SFRS(I) 1-28.25

When the Group reduces its ownership interest in an associate or a joint venture, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

SFRS(I) 1-28.38
SFRS(I) 1-28.39

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

SFRS(I) 1-28.40
SFRS(I) 1-28.42

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

SFRS(I) 1-28.28
SFRS(I) 1-28.35

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates or joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates or joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Guidance Notes

Reporting date

1) Please refer to Guidance Note 1 under Note 3(b)(i) Subsidiaries.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(b) Group accounting (cont'd)

iii. Joint operation[1]

SFRS(I) 11.7 and 20

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

SFRS(I) 11.20

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

SFRS(I) 11.21

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to those particular assets, liabilities, revenues and expenses.

SFRS(I) 11.B34-B35

When the Group enters into transaction involving a sale or contribution of assets with a joint operation, the Group recognises gains and losses resulting from such a transaction only to the extent of the interests held by the other parties to the joint operation. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

SFRS(I) 11.B36-B37

When the Group enters into a transaction involving purchase of assets from a joint operation, the Group does not recognise its share of the gains and losses until it resells the assets to a third party, except for losses that evidence a reduction in net realisable value or an impairment loss on those assets.

(c) Investment in subsidiary companies, associates and joint venture

SFRS(I) 1-27.17(c)

Investments in subsidiary companies, associates and joint ventures[1,2] are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries, associates and joint venture, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in the profit or loss.

Guidance Notes

SFRS(I) 1-27.10

1) When an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates either: (a) at cost; (b) in accordance with SFRS(I) 9; or (c) using the equity method as described in SFRS(I) 1-28. An entity applies the same accounting policy on joint operations as stated in Note 3(b)(iii) above, in its separate financial statements.

SFRS(I) 1-27.11

2) If an entity elects, in accordance with paragraph 18 of SFRS(I) 1-28 (as amended in 2011), to measure its investments in associates or joint ventures at fair value through profit or loss in accordance with SFRS(I) 9, it shall also account for those investments in the same way in its separate financial statements.

SFRS(I) 1-27.11A

If a parent is required, in accordance with paragraph 31 of SFRS(I) 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with SFRS(I) 9, it shall also account for its investment in a subsidiary in the same way in its separate financial statements.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(d) Non-current assets (or disposal group) classified as held for sale and discontinued operations

SFRS(I) 5.6

Non-current assets or disposal groups are classified as held for sale or distribution if their carrying amount will be recovered through a sale transaction or distribution rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

SFRS(I) 5.8A
SFRS(I) 5.15, 15A

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria set out above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (or disposal groups) classified as held for sale (held for distribution) are measured at the lower of the assets' previous carrying amount and fair value less cost to sell (fair value less costs to distribute).

SFRS(I) 5.25
SFRS(I) 5.20 to 22

The assets are not depreciated or amortised while they are classified as held-for-sale. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

SFRS(I) 5.32

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and;

i. represents a separate major line of business or geographical area of operations; or
ii. is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
iii. is a subsidiary acquired exclusively with a view to resale.

SFRS(I) 5.34

When a component of an entity qualifies as a discontinued operation, the comparative statement of comprehensive income is retrospectively restated to segregate the results of all operations that have been discontinued by the end of the latest reporting period.

(e) Revenue recognition[1,4]

SFRS(I) 15.47

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

SFRS(I) 15.31-32
SFRS(I) 15.73

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

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(e) Revenue recognition[1,4] (cont'd)

(i) Sale of electronics and appliance equipment

SFRS(I) 15.119(a)
SFRS(I) 15.119(c)

The Group supplies electronic equipment for consumer and industrial electronics for wholesaler.

SFRS(I) 15.119
SFRS(I) 15.123
SFRS(I) 15.125
SFRS(I) 15.108

For such sales, revenue is recognised at the point of time when control of goods has been transferred, being when the goods are delivered to the wholesaler, the wholesaler gains full discretion over distribution and pricing, and there is no remaining unfulfilled obligation that may affect the transfer of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has the objective evidence that all criteria for acceptance have been satisfied[2,3]. A receivable is recognised when the goods are delivered as this represents the point in time that the right to consideration is unconditional because only the passage of time is required before the payment is due.

SFRS(I) 15.119
SFRS(I) 15.125
SFRS(I) 15.126

For sales of electronic equipment directly to customers, revenue is recognised by the Group when the control of the goods has transferred, being at the point the customer purchases the goods at the retail outlets. Payment of the transaction price is due immediately upon purchase.

SFRS(I) 15.55
SFRS(I) 15.B21
SFRS(I) 15.119(d)
SFRS(I) 15.126

The Group sells its goods with a 30-day right of return. Therefore, a refund liability[5] and a right to the returned goods are recognised in relation to goods expected to be returned. Accumulated experience is used to estimate the percentage of returns at the time of sale at a portfolio level using the expected value method. As the level of product returns has been consistent over previous years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur beyond the estimated amount. The validity of the assumption and the estimated amount of returns are reassessed at each reporting date.

SFRS(I) 15.B30

Sales-related warranties associated with the electronics and appliance equipment cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for these warranties in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment (see Note 3(r)).

(ii) Sale of health and beauty goods

SFRS(I) 15.119
SFRS(I) 15.125
SFRS(I) 15.126

The Group operates a chain of retail stores selling skincare, fragrance, make-up and hair care, body care products, health and beauty supplements to consumers. Revenue from the sale of health and beauty goods is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail store. Payment of the transaction price is due immediately at the point the customer purchases the goods. Under the Group's standard return policy, customers have a right of return within 7 days from the date of purchase with a valid reason. Accordingly, a refund liability[5] and a right to the returned goods are recognised in relating to goods expected to be returned.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(e) Revenue recognition[1,4] (cont'd)

(iii) Construction of properties

SFRS(I) 15.119(c)
SFRS(I) 15.31

The Group constructs and sells commercial properties under long-term contracts with customers. Such contracts are entered into before construction of the commercial properties begins. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

SFRS(I) 15.119(a)
SFRS(I) 15.41

For construction of commercial properties whereby the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for performance completed to date, revenue from construction of commercial properties is recognised over time on a cost–to–cost method, i.e., based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

SFRS(I) 15.119(a)

For construction of commercial properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, usually upon transfer of legal title.

SFRS(I) 15.119(b)
SFRS(I) 15.105
SFRS(I) 15.106

The Group becomes entitled to invoice customers for construction of commercial properties based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

SFRS(I) 15.91
SFRS(I) 15.95

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

SFRS(I) 15.129
SFRS(I) 15.94

The Group has elected to apply the practical expedient in SFRS(I) 15 to recognise the incremental costs of obtaining a contract for the sale of electronic equipment as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

SFRS(I) 15.127(b)
SFRS(I) 15.101

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

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(e) Revenue recognition[1,4] (cont'd)

(iv) Sale of maintenance services

The Group offers an after-sales service for the electronic equipment which is included in the transaction price for the sale of electronic equipment. This service relates to maintenance work that may be required to be carried out on the equipment for a two–year period after sale. This period can then be extended if the customer requires additional years of maintenance services. The renewal of services after the two–year period will be for the price at which these are sold by the entity to all of its customers as at the date of renewal. Consequently, the option to extend the renewal period does not provide customers with any advantage when they enter into the initial contract and therefore no revenue has been deferred relating to this renewal option.

SFRS(I) 15.B29
SFRS(I) 15.74
SFRS(I) 15.81
SFRS(I) 15.126(c)
SFRS(I) 15.123(a)
SFRS(I) 15.35(b)
SFRS(I) 15.124
SFRS(I) 15.106
SFRS(I) 15.117

The Group considers the maintenance service to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. A portion of the transaction price is therefore allocated to the maintenance services based on the stand-alone selling price of those services. Discounts are not considered as they are only given in rare circumstances and are never material. Revenue from the maintenance services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service (i.e., two years when the services are purchased together with the underlying equipment).

Guidance Notes

SFRS(I) 15.119

1) SFRS(I) 15.119 sets out the disclosures required about an entity's performance obligations in contracts with customers, including a description of all of the following:
   (a) when the entity typically satisfies its performance obligations (e.g., upon shipment, upon delivery, as services are rendered or upon completion of service), including when performance obligations are satisfied in a bill-and-hold arrangement;
   (b) the significant payment terms (for example, when payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained);
   (c) the nature of the goods or services that the entity has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services (i.e., if the entity is acting as an agent);
   (d) obligations for returns, refunds and other similar obligations; and
   (e) types of warranties and related obligations.

SFRS(I) 15.38
SFRS(I) 15.B79-B80

2) An entity may bill a customer for a product but still retaining physical possession of the product until it is transferred to the customer at a point in time in the future ("Bill-and-hold arrangement"). SFRS(I) 15 requires entity to determine when it has satisfied its performance obligation to transfer a product by evaluating when a customer obtains control of the product.

   Illustrative disclosure on a contract with bill-and-hold arrangements can be considered as follows:

SFRS(I) 15.B79-B82

   "In some bill-and-hold arrangements, even though the Group has not yet delivered the goods to the customer, it has satisfied its performance obligation as control of the good has been transferred to the customer, and all of the following criteria are met: The reason for the bill-and-hold arrangement is substantive, the product is identified separately as belonging to the customer, the product currently is ready for physical transfer to the customer, and the Group does not have the ability to use the good or to direct it to another customer."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(e) Revenue recognition[1,4] (cont'd)

Guidance Notes

SFRS(I) 15.B77-B78

3) If an entity delivers a product to another party (such as a dealer or a distributor) for sale to end customers, the entity shall evaluate whether that other party has obtained control of the product at that point in time. A product that has been delivered to another party may be held in a consignment arrangement if that other party has not obtained control of the product. Accordingly, an entity shall not recognise revenue upon delivery of a product to another party if the delivered product is held on consignment. Illustrative disclosure on a contract with consignment arrangements can be considered as follows:

"In some consignment arrangements, although the good has been delivered to the customer, the Group retains control of the good and satisfies its performance obligation only upon the sale of the good to the end-customer of the customer."

4) An entity may refer to the following illustrative disclosures of other revenue recognition topics, where applicable.

SFRS(I) 15.B34-B38

(a) Acting as an agent
When another party is involved in providing goods or services to a customer, the entity is required to determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e., the entity is an agent). Illustrative disclosure for entity acting as agent can be considered as follows:

"The Group acts as an agent to provide a service of arranging for another party to transfer goods or services to a customer. The Group recognises a commission fee, being the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party."

(b) Customer loyalty programme

In this illustration, the Group does not have customer loyalty programme. An illustrative disclosure can be considered as follows:

SFRS(I) 15.B39-B40

"The Group operates a loyalty programme through which retail customers accumulate points on purchases made which entitle them to discounts on future purchases. These points provide a discount to customers that they would not receive without purchasing the goods. The promise to provide the discount to the customer is therefore a separate performance obligation.

SFRS(I) 15.74
SFRS(I) 15.B42
SFRS(I) 15.106
SFRS(I) 15.117

The transaction price is allocated between the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Group's historical experience. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognised when the points are redeemed by the customer. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(e) Revenue recognition[1,4] (cont'd)

Guidance Notes

4) An entity may refer to the following illustrative disclosures of other revenue recognition topics, where applicable (cont'd)

(c) Multiple performance obligations

In this illustration, the Group does not provide multiple performance obligations, e.g., sale of a product and related installation services. When an entity accounts for the sale of a product and installation service separately as they are assessed to be distinct, that is, the customer can benefit from the good or service on its own or together with other readily available resources and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract, the entity can consider the following illustrative disclosure as follows:

SFRS(I) 15.119(a) and (c)

"The Group manufactures and installs energy-saving system equipment. The sale of hardware equipment and rendering of installation service are either sold separately, or in bundled packages where discounts are provided to customers. For bundled packages, the Group accounts for the sale of equipment and installation service separately. The transaction price is allocated to the sale of equipment and installation services based on their relative stand-alone selling prices. For the sale of equipment, revenue is recognised upon delivery of the equipment to the customer and accepted by the customer. For the installation of the energy-saving equipment, revenue is recognised over time, based on the actual labour hours spent relative to the total expected labour hours."

(d) Significant financing component

If an entity has any significant financing component in its contracts with customers, the entity is required to make adjustment of transaction prices for the time value of money. An illustrative disclosure can be considered as follows:

SFRS(I) 15.60
SFRS(I) 15.64

"In determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that include a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract."

When the entity expects at contract inception that the period between payment and performance will be one year or less, an entity can elect the practical expedient on the accounting for significant financing component. An illustrative disclosure can be considered as follows:

SFRS(I) 15.129
SFRS(I) 15.63

"The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less."

SFRS(I) 15.65

An entity is required to present the effects of financing (interest revenue or interest expense) separately from revenue from contracts with customers in the statement of comprehensive income. Interest revenue or interest expense is recognised only to the extent that a contract asset (or receivable) or a contract liability is recognised in accounting for a contract with a customer.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(e) Revenue recognition[1,4] (cont'd)

Guidance Notes

4) An entity may refer to the following illustrative disclosures of other revenue recognition topics, where applicable (cont'd)

(e) Consideration payable to a customer

If the Group has consideration payable to a customer (i.e., an entity pays or expects to pay to a customer in the form of cash or non-cash items, e.g., coupons, vouchers, volume rebates), an illustrative disclosure can be considered as follows:

SFRS(I) 15.70-71
SFRS(I) 15.72

"The Group accounts for consideration payable to customers as a reduction of the transaction price if the payment is not for distinct goods or services received from the customer. If the payment is for distinct goods or services received from the customer, the Group accounts for any excess of the consideration payable to the customer over the fair value of the distinct goods or services as a reduction of the transaction price. If the Group cannot reasonably estimate the fair value of the goods or services received from the customer, it accounts for all of the consideration payable to the customer as a reduction of the transaction price.

The Group recognises the reduction of revenue at the later of: (a) when it recognises revenue for the transfer of the related goods or services to the customer; and (b) when it promises to pay the consideration."

(f) Contract modifications

If the Group has contract modifications (e.g., change in the scope or pricing of a contract), the following illustrative disclosure can be considered.

SFRS(I) 15.20-21

"The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification"

5) In this illustration, there is no refund liabilities taken up as the Group's refund liabilities is not material. The following illustrative note can be considered:

"Note X Inventories

........Included in finished goods are rights to recover returned goods from customers amounting to S$XXX (2020: S$XXX). These are measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those inventories and any potential decreases in the value to the Group of the returned inventories. Refund liabilities of the same amounts were also recognised in trade and other payables."

Illustrative wordings regarding the critical estimation of the refund liabilities is provided in Appendix IV.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(f) Leases

i. When the Group is the lessee

SFRS(I) 16.9
SFRS(I) 16.11

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

SFRS(I) 16.22, 24

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost[1], which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

SFRS(I) 16.29-32
SFRS(I) 16.47, 48

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets (except for those which meets the definition of an investment property) in "Property, plant and equipment" and lease liabilities in "Borrowings" in the statement of financial position. Right-of-use assets which meet the definition of an investment property are presented within "Investment properties" and accounted for in accordance with Note 3(l).

SFRS(I) 16.26

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

SFRS(I) 16.27

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

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

SFRS(I) 16.13,15

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

SFRS(I) 16.36, 40, 42

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

SFRS(I) 16.39
SFRS(I) 16.5-6, 8
SFRS(I) 16.60

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(f) Leases (cont'd)

ii. When the Group is the lessee (cont'd)

SFRS(I) 16.42
SFRS(I) 16.105

For lease liabilities that will be affected by the interest rate benchmark reform, changes to the contractual cash flows that are required by the interest rate benchmark reforms are effected by adjusting the effective interest rate of the lease liabilities, without recognising any immediate gains or losses.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

iii. When the Group is the lessor[2]

SFRS(I) 16.61-62

Each lease in which the Group acts as a lessor is classified as either an operating or a finance lease at lease inception. Leases that transfer substantially all of the risks and rewards incidental to ownership of the underlying assets are classified as finance leases. Other leases are classified as operating leases.

Lessor-finance leases

SFRS(I) 16.67

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases. The leased assets are derecognised and the present value of the lease receivables (net of initial direct costs for negotiating and arranging the lease) are recognised on the statements of financial position and included in "trade and other receivables". The difference between the gross receivables and the present value of the lease receivable is recognised as unearned finance income. Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Lessor – operating leases

SFRS(I) 16.81

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognised as income in profit or loss when earned.

Guidance Notes

Revaluation Model

SFRS(I) 16.29, 34-35

1) If a lessee applies the fair value model in SFRS(I) 1-40 *Investment Property* to its investment property, the lessee shall also apply that fair value model to right-of-use assets that meet the definition of investment property in SFRS(I) 1-40. A lessee may elect to apply the revaluation model in SFRS(I) 1-16 to right-of-use assets, if it applies the revaluation model to the class of property, plant and equipment that the right-of-use assets relate to.

Sub-lease arrangements

SFRS(I) 16.B58(b)

2) Illustrative policy wording where the Group acts as an intermediate lessor:
"*Sub-lease arrangements where the Group acts as an intermediate lessor are classified as finance or operating leases with reference to the right-of-use asset arising from the head lease, rather than the underlying asset. Where the Group has applied the short-term lease exemption to the head lease, then the sub-lease will be classified as an operating lease.*"

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(g) Foreign currencies

(a) Functional and presentation currency

SFRS(I) 1-21.8

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

SFRS(I) 1-1.51(d)

For the purposes of the consolidated financial statements, the results and financial position of each entity in the Group are expressed in Singapore Dollars ("S$"), which is the functional currency[1] of the Company and the presentation currency[2,3] for the consolidated financial statements.

(b) Transactions and balances

SFRS(I) 1-21.21

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

SFRS(I) 1-21.23(a)

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

SFRS(I) 1-21.23(a)
SFRS(I) 1-21.28
SFRS(I) 1-21.32
SFRS(I) 9.6.5.13-14

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

SFRS(I) 1-21.48

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

SFRS(I) 1-21.23(c)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

SFRS(I) 1-23.6(e)

i. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

SFRS(I) 1-21.27

ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 3 (t) (ii) Hedge accounting below for hedging accounting policies); and

SFRS(I) 1-21.32

iii. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the net investment.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(g) Foreign currencies (cont'd)

(c) Translation of Group entities' financial statements

SFRS(I) 1-21.39

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

a. assets and liabilities are translated at the closing rate at the reporting date;

SFRS(I) 1-21.39

b. income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

c. all resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Guidance Notes

Functional and presentation currency

SFRS(I) 1-21.54

1) Where there is a change in the functional currencies of either the reporting entity or a significant foreign operation, the fact and reason for the change in the functional currencies shall be disclosed.

SFRS(I) 1-21.53

2) When the financial statements are presented in a currency different from the Company's functional currency, the following are required to be disclosed:
   i. the Company's functional currency; and
   ii. the reason for using a different currency as its presentation currency.

3) Where a non-Singapore Dollar presentation currency is used for a Singapore-incorporated entity, it is recommended as a best practice to prominently denote this fact.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

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SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(h) Borrowing costs

SFRS(I) 1-23.8
SFRS(I) 1-23.22
SFRS(I) 1-23.5

Borrowing costs directly attributable[1] to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs[2] consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

SFRS(I) 1-23.12

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation[2].

SFRS(I) 1-23.8

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Guidance Notes

SFRS(I) 1-23.8

1) Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are required to be capitalised into the cost of the qualifying assets.

Capitalisation of borrowing costs

SFRS(I) 1-23.14
SFRS(I) 1-23.26(b)

2) If the amount of borrowing costs eligible for capitalisation have been determined by applying a capitalisation rate to the expenditures on a qualifying asset because funds used for the purpose of obtaining the qualifying asset are borrowed generally (rather than specifically), the capitalisation rate should be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing costs incurred during that period.

   The amendments to SFRS(I) 1-23 clarified that if borrowings made specifically for the purpose of obtaining a qualifying asset remains outstanding when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete, the specific borrowing becomes part of the general borrowings.

SFRS(I) 1-23.6(d)

   Borrowing costs may include interest in respect of lease liabilities recognised in accordance with SFRS(I) 16.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(i) Employee benefits[7,8]

SFRS(I) 1-19.55(b)

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

i. Defined contribution plan[1]

SFRS(I) 1-19.8

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

SFRS(I) 1-19.51

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

ii. Defined benefit retirement plan

SFRS(I) 1-19.57(a)(d)

The cost of providing benefits under defined benefit retirement plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are categorised as follows:

SFRS(I) 1-19.120

a. Service cost (including current service cost, past service cost, as well as gains and losses on settlements);

b. Net interest expense or income; and

c. Remeasurement of the net defined benefit liability/(asset) in other comprehensive income.

The Group presents the first two components of defined benefit costs in profit or loss in employee benefits expense. Past service cost is recognised in profit or loss in the period of plan amendment. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actual gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which remeasurement occurs. Remeasurement gains and losses are not reclassified to profit or loss subsequently.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any such surplus is limited to the present value of economic benefits available in the form of estimated plan refunds and reductions in future plan contributions.

A liability for a termination benefit is recognised when the Group can no longer withdraw offer of these termination benefit, or when the entity recognises any related restructuring costs, whichever is earlier.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(i) Employee benefits[7,8] (cont'd)

iii. Share-based compensation[2,3,4,5,6]

SFRS(I) 2.2(a)
SFRS(I) 2.10

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period.

SFRS(I) 2.16
SFRS(I) 2.21A

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

SFRS(I) 2.20

At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares[6].

SFRS(I) 2.13A

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

Guidance Notes

(i) Defined contribution plans

Employee leave entitlement

1 In this illustration, it is assumed that employee leave entitlement is not significant and is not included in the list of significant accounting policies.

Illustrative accounting policy for employee leave entitlement (if significant):

SFRS(I) 1-19.13
SFRS(I) 1-19.155
SFRS(I) 1-19.156

"Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(i) Employee benefits[7,8] (cont'd)

Guidance Notes

(ii) Share-based compensation

Share-based compensation – Cash-settled plan

SFRS(I) 2.30
SFRS(I) 2.32-33

2) If the Group operates a cash-settled share-based compensation plan, the following disclosure is suggested:

"A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a [specify valuation model]. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions. "

Share-based compensation – Modification

3) If there is any modification of the share option plan, please refer to the illustrative disclosure below:

SFRS(I) 2.28
SFRS(I) 2.B42 to B44

"Where a share-based compensation plan is modified to increase the total fair value of the plan, the incremental fair value is recognised as additional share-based compensation expense. Where the modifications reduce the fair value of the plan, the share-based compensation is measured as if such modifications have not occurred (except for modifications that involve cancellation of equity instruments granted)."

Share-based compensation – Forfeiture

SFRS(I) 2.IG24

4) If a share-based payment under vesting conditions or other conditions where the counterparty does not meet the conditions, this event is to be treated as forfeiture. The following disclosure requirements may be considered:

"Where the vesting conditions of a share-based compensation plan are not met, it shall be considered as forfeiture. The expense shall be revised to reflect the best available estimate of the number of equity instruments expected to vest."

Share-based compensation – Vesting Conditions and Cancellations

SFRS(I) 2.IG24

5) If a share-based payment has non-vesting conditions where a counterparty or an entity can choose whether to meet the condition or not, a failure to meet the condition shall be treated as a cancellation.

The entity recognises immediately the amount of the expense that would otherwise have been recognised over the remainder of the vesting period.

If there is any cancellation of the share option plan, the following disclosure is suggested:

SFRS(I) 2.28

"Where the employee share option plan is cancelled, it is treated as if it vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

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SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(i) Employee benefits[7,8] (cont'd)

Guidance Notes

Share-based compensation – Transfer of share option reserve

SFRS(I) 2.23

6) The transfer of the balance in the share option reserve to share capital or treasury shares upon exercise of the option and the transfer of the balance in the share option reserve to retained earnings upon expiry of the option are not mandatory. Alternatively, the share option reserve may be kept as a separate reserve upon expiry or exercise of the option. It may also be transferred to retained earnings upon exercise of the option.

Termination benefits versus post-employment benefits

SFRS(I) 1-19.164

7) Some termination benefits are payable regardless of the reason for the employee's departure. Although these benefits are described in some countries as termination indemnities or termination gratuities, they are regarded as post-employment benefits, rather than termination benefits for financial reporting purposes.

Profit sharing and bonus plans

SFRS(I) 1-19.19

8) If such benefits are material, the following disclosure is suggested:

"The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay."

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(j) Income tax

SFRS(I) 1-12.6

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

i. Current tax

SFRS(I) 1-12.46

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

ii. Deferred tax

SFRS(I) 1-12.15

Deferred tax is recognised on temporary 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.

SFRS(I) 1-12.34

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

SFRS(I) 1-12.22C

Such deferred tax 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.

SFRS(I) 1-12.39

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

SFRS(I) 1-12.44

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

SFRS(I) 1-12.56

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

SFRS(I) 1-12.47

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

SFRS(I) 1-12.51

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

SFRS(I) 1-12.71

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.

SFRS(I) 1-12.37

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(j) Income tax (cont'd)

ii. Deferred tax (cont'd)

SFRS(I) 1-12.51C

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale.

iii. Current and deferred tax for the period

SFRS(I) 1-12.58

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current and deferred tax arises from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

(k) Property, plant and equipment

i. Measurement

Land and buildings

SFRS(I) 1-16.15

Land and buildings are initially recognised at cost[1]. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses.

SFRS(I) 1-16.31

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

SFRS(I) 1-16.31

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

SFRS(I) 1-16.34
SFRS(I) 1-16.35(b)

Land and buildings are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

SFRS(I) 1-16.39
SFRS(I) 1-21.30

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(k) Property, plant and equipment[3] (cont'd)

i. Measurement (cont'd)

Other property, plant and equipment

SFRS(I) 1-16.15
SFRS(I) 1-16.30
SFRS(I) 1-16.73(a)

All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Components of cost[2]

SFRS(I) 1-23.10
SFRS(I) 1-16.16(b)

Properties in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

ii. Depreciation[3]

Freehold land has an unlimited useful life and therefore is not depreciated.

SFRS(I) 1-16.61
SFRS(I) 1-16.51

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

SFRS(I) 1-36.9

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.

SFRS(I) 1-16.51
SFRS(I) 1-16.61

The residual value, useful life and depreciation method are reviewed at each financial year and adjusted as appropriate at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

SFRS(I) 1-16.73(c)

The following useful lives are used in the calculation of depreciation:

Buildings	20 – 30 years
Leasehold improvements	5 – 7 years
Plant and equipment	5 – 15 years

iii. Subsequent expenditure

SFRS(I) 1-16.7

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

iv. Disposal

SFRS(I) 1-16.67

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

SFRS(I) 1-16.68
SFRS(I) 1-16.41

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(k) Property, plant and equipment[3] (cont'd)

Guidance Notes

(i) Measurement

Method of accounting

SFRS(I) 1-16.29
SFRS(I) 1-16.36
SFRS(I) 1-16.37

1) An item of PPE shall be initially measured at cost, but can be subsequently measured using either the cost model or the revaluation model. The elected policy shall be applied consistently to an entire class of PPE. A class of PPE is a grouping of assets of a similar nature and use in an entity's operations. Examples of separate classes include land, land and buildings, machinery, ships, aircraft, motor vehicles, furniture and fixtures and office equipment.

Provision for dismantlement, removal or restoration

SFRS(I) 1-16.16(c)

2) The projected cost of dismantlement, removal or restoration is recognised as part of the cost of PPE if such obligation is incurred either when the item is acquired or as a consequence of using the asset during a particular period for purposes other than to produce inventories during that period. In this illustration, there are no projected costs of dismantlement, removal or restoration. The following is an example of the accounting policy:

"The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories."

(ii) Depreciation

Component approach to depreciation

SFRS(I) 1-16.7
SFRS(I) 1-16.13
SFRS(I) 1-16.14
SFRS(I) 1-16.43

3) Parts of some items of PPE may require replacement or major overhauls at regular intervals. An entity allocates the amount initially recognised in respect of an item of PPE to its significant parts and depreciates separately each significant part if those parts have different useful lives. The entity capitalises the cost of the replacements when (i) it is probable that future economic benefits associated with the item will flow to the entity; and (ii) the cost of the item can be reliably measured. The carrying amount of the replaced parts is derecognised. If the amount is material, a suggested disclosure is as follows:

"The [specific class of plant and equipment] is subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the estimated costs of the next overhaul and are separately depreciated over a period of [years] in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss."

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(l) Investment properties

SFRS(I) 1-40.6
SFRS(I) 1-40.5
SFRS(I) 1-40.10
SFRS(I) 1-40.75(b)(e)
SFRS(I) 1-40.8(b)
SFRS(I) 1-40.20
SFRS(I) 1-40.30
SFRS(I) 1-40.35

Investment properties[1], which are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes and land under operating leases that is held for long-term capital appreciation or for a current indeterminate use), are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value[2], determined annually by independent professional valuers on the highest-and-best use basis. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

SFRS(I) 1-40.18
SFRS(I) 1-40.19

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

SFRS(I) 1-40.66
SFRS(I) 1-40.69

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of retirement or disposal.

SFRS(I) 1-40.57
SFRS(I) 1-40.60

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

SFRS(I) 1-40.61

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

Guidance Notes

Classification as investment property

SFRS(I) 1-40.75(c)
SFRS(I) 1-1.122

1) When judgement is required to determine the portions of investment property, owner-occupied property and property held-for-sale in the ordinary course of business, the entity shall disclose the criteria used to distinguish them and the judgement involved.

Cost model

SFRS(I) 1-40.30
SFRS(I) 1-40.34
SFRS(I) 1-40.56

2) Alternatively, the entity may adopt the cost model which is to measure investment properties at cost less accumulated depreciation and accumulated impairment losses. In these circumstances, disclosure about the cost basis and depreciation rates would be required. The following accounting policy may be adopted:

"Investment properties which are properties held for long-term rental yields and/or for capital appreciation, are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using [a straight-line] method to allocate the depreciable amounts over the estimated useful lives of [ ] years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise….."

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(l) Investment properties (cont'd)

Guidance Notes

Cost model (cont'd)

SFRS(I) 1-40.79(e)

2) When the cost model is applied, the fair value of investment property shall be disclosed at each reporting date. In exceptional cases, when an entity cannot determine the fair value of investment property reliably, it shall disclose:

   a. a description of the investment property;

   b. an explanation of why fair value cannot be determined reliably; and

   c. if possible, the range of estimates within which fair value is highly likely to lie.

(m) Intangible assets[1]

SFRS(I) 1-38.24
SFRS(I) 1-38.74

Intangible assets acquired separately are measured initially at cost. Intangible assets are carried at cost[1] less accumulated amortisation and accumulated impairment losses.

SFRS(I) 1-38.97
SFRS(I) 1-38.118(b)
SFRS(I) 1-38.104
SFRS(I) 1-36.9

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

SFRS(I) 1-36.10(a)
SFRS(I) 1-36.9
SFRS(I) 1-38.107
SFRS(I) 1-38.109

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

SFRS(I) 1-38.113

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

i. Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

SFRS(I) 1-38.57

Deferred development expenditure is recognised if, and only if, all of the following have been demonstrated:

a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;

b. the intention to complete the intangible asset and use or sell it;

c. the ability to use or sell the intangible asset;

d. how the intangible asset will generate probable future economic benefits;

e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

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3. Significant Accounting Policies (cont'd)

(m) Intangible assets[1] (cont'd)

i. Research and development expenditure (cont'd)

SFRS(I) 1-38.74

SFRS(I) 1-38.118(a),(b)

Subsequent to initial recognition, the deferred development costs are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the deferred development costs begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of 8 years on a straight-line method, based on the period of expected sales from the related projects.

ii. Trademarks

SFRS(I) 1-38.74, 118(a),(b)

Trademarks acquired are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulate impairment losses (if any). Trademarks have useful lives of 32 years and are amortised to profit or loss using the straight-line method.

iii. Computer software license

SFRS(I) 1-38.24

SFRS(I) 1-38.27-28,
SFRS(I) 1-38.66-67

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

SFRS(I) 1-38.74
SFRS(I) 1-38.118
SFRS(I) 1-38.97

Computer software license is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 4 years.

Guidance Notes

SFRS(I) 1-38.75

1) Alternatively, the entity may adopt the revaluation model which is to measure intangible assets at fair value less accumulated amortisation and accumulated impairment losses. This option is only available if the fair value can be determined by reference to an active market.

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(n) Impairment of non-financial assets

i. Goodwill

SFRS(I) 1-36.10(b)

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

SFRS(I) 1-36.80

For the purpose of impairment testing of goodwill, goodwill is allocated, from the acquisition date, to each of the Group's cash-generating-units ("CGU") or groups of CGU, that are expected to benefit from synergies arising from the business combination.

SFRS(I) 1-36.6
SFRS(I) 1-36.74
SFRS(I) 1-36.90

An impairment loss[1] is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal and value-in-use.

SFRS(I) 1-36.104

The total impairment loss[1] of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

SFRS(I) 1-36.124

An impairment loss[1] on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

SFRS(I) 1-36.86

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

ii. Intangible assets, property, plant and equipment, investments in subsidiaries, associates and joint ventures

SFRS(I) 1-36.9
SFRS(I) 1-28.40

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

SFRS(I) 1-36.9
SFRS(I) 1-36.66

At the end of each reporting period, the Group reviews the carrying amounts of its finite intangible assets, property, plant and equipment and investments in subsidiaries, associates and joint ventures to determine whether there is any indication that those assets have suffered an 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), on an individual asset.

SFRS(I) 1-36.67

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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

SFRS(I) 1-36.10(a)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

SFRS(I) 1-36.74
SFRS(I) 1-36.IE72

Recoverable amount is the higher of fair value less costs of disposal and 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 for which the estimates of future cash flows have not been adjusted.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(n) Impairment of non-financial assets (cont'd)

ii. Intangible assets, property, plant and equipment, investments in subsidiaries, associates and joint ventures (cont'd)

SFRS(I) 1-36.90
SFRS(I) 1-36.59

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

SFRS(I) 1-36.60

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount[2] where the revaluation was previously taken to other comprehensive income. In this case, such impairment loss of revalued asset is treated as a revaluation decrease. Please refer to Note 3 (l) Property, plant and equipment for the treatment of a revaluation decrease.

SFRS(I) 1-36.110

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

SFRS(I) 1-36.119

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or 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[2], in which case the reversal of the impairment loss is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset[2] was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

Guidance Notes

(i) Goodwill

Reversal of impairment loss on goodwill in a previous interim period.

SFRS(I) INT 10.6

1) An entity **shall not reverse** an impairment loss recognised in a previous interim period of an investment in either an equity investment or a financial asset carried at cost or goodwill.

(ii) Assets carried at revalued amounts

2) In this illustration, certain classes of non-financial assets are carried at their revalued amounts. The disclosures related to revalued amounts shall be removed if the Group applies only the cost model for all non-financial assets.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(o) Inventories

SFRS(I) 1-2.9
SFRS(I) 1-2.25
SFRS(I) 1-2.36(a)

Inventories are stated at the lower of cost[1] and net realisable value. Costs are determined using the first-in-first-out method.

SFRS(I) 1-2.6(c)
SFRS(I) 1-2.10
SFRS(I) 9.6.5.11(d)(i)

The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Cost also includes any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventories that are transferred from the hedging reserve.

SFRS(I) 1-2.6

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Guidance Notes

Cost of inventories of a service provider

1) Where materials and supplies to be consumed in the rendering of services are material, the following disclosure is suggested:

"Inventories comprise materials and supplies to be consumed in the rendering of [ ] services. Net realisable value is the estimated selling price of [ ] services less the applicable costs of conversion to complete the services and variable selling expenses."

SFRS(I) 7.21

(p) Financial assets

i. Classification

(a) Debt instruments

SFRS(I) 9.4.1.1
SFRS(I) 9.4.1.2
SFRS(I) 9.4.1.2A
SFRS(I) 9.4.1.4

Financial assets that are debt instruments comprise mainly of cash and cash equivalents, trade and other receivables, and investments in debt securities. The Group classifies these assets into categories based on the Group's business model for managing them and their contractual cash flow characteristics.

- Financial Assets measured at Amortised Cost (AC) comprise of assets that are held within a business model whose objective is to hold those assets for collection of contractual cash flows, and those contractual cash flows represent solely payments of principal and interest.
- Financial Assets measured at Fair Value through Other Comprehensive Income (FVOCI) comprise of assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling those assets, and those contractual cash flows represent solely payments of principal and interest.
- Financial Assets measured at Fair Value through Profit and loss (FVPL) comprise of assets that do not qualify for AC and FVOCI. Assets that would otherwise qualify for AC or FVOCI may also be designated as FVPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that arises from measuring assets and liabilities on an inconsistent basis.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117, 122

3. Significant Accounting Policies (cont'd)

SFRS(I) 7.21

(p) Financial assets (cont'd)

i. Classification (cont'd)

(b) Equity instruments

SFRS(I) 9.5.7.5-5.7.6

Financial assets that are equity instruments comprise mainly of investments in equity securities. The Group classifies these assets as FVPL, except for those that the Group has designated as FVOCI. The FVOCI designation is irrevocable, and is not permitted for held-for-trading financial assets and financial assets that represent contingent consideration in a business combination.

SFRS(I) 7.20

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

ii. Initial Measurement

SFRS(I) 9.5.1.3
SFRS(I) 9.5.1.1

Trade receivables that do not contain a significant financing component are initially recognised at their transaction price. Other financial assets are initially recognised at fair value, plus, for financial assets that are not at FVPL, transaction costs that are directly attributable to their acquisition. Transaction costs of financial assets at FVPL are expensed in profit and loss.

iii. Subsequent Measurement

(a) Debt instruments

Amortised cost:

SFRS(I) 7.20

These assets are subsequently measured at amortised cost using the effective interest method unless they are part of a designated hedging relationship. Impairment losses and reversals, interest income, and foreign exchange gains and losses (except where designated as a hedging instrument) on such assets are recognised in profit and loss. Interest income is based on the effective interest method which allocates interest income over the life of the financial asset based on an effective interest rate that discounts estimated future cash receipts to its gross carrying amount.

For debt investments at amortised cost that will be affected by the interest rate benchmark reform, changes to the contractual cash flows that are required by the interest rate benchmark reforms are effected by adjusting the effective interest rate of the debt investments, without recognising any immediate gains or losses.

FVOCI

These assets are subsequently measured at fair value. Impairment losses and reversals, interest income based on the effective interest method, and foreign exchange gains and losses (except where designated as a hedging instrument) on such assets are recognised in profit and loss. Any remaining fair value movements are recorded in OCI.

FVPL

SFRS(I) 7.20, 20A

These assets are subsequently measured at fair value. All fair value movements are recorded in profit and loss.

(b) Equity instruments

SFRS(I) 9.5.7.1
SFRS(I) 9.5.7.5-5.7.6

Subsequent to initial recognition, all equity investments are measured at fair value. Changes in the fair value of FVPL equity investments are recognised in profit and loss, while changes in the fair value of FVOCI equity investments are recognised in other comprehensive income. All dividend income is recognised in profit and loss, except for dividends from FVOCI equity investments that clearly represent a recovery of the cost of investment.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122
SFRS(I) 7.21

3. Significant Accounting Policies (cont'd)

(p) Financial assets (cont'd)

iv. Impairment

SFRS(I) 9.5.5.1
SFRS(I) 9.5.5.3
SFRS(I) 9.5.5.5
SFRS(I) 9.5.5.15

At each reporting date, the Group assesses expected credit losses (ECL) on the following financial instruments:
- Financial assets that are debt instruments measured at AC and FVOCI;
- Contract assets (as defined in SFRS(I) 15); and
- Financial guarantee contracts.

SFRS(I) 7.35G(a)

ECL is a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all shortfalls between the cash flows due to the Group in accordance with contractual terms, and the cash flows that the Group actually expects to receive. ECL is discounted at the effective interest rate of the financial asset. The Group records allowances on financial assets based on either the:
- 12-month ECL – representing the ECL that results from default events that are possible within the 12 months after the reporting date (or the expected life of the instrument if shorter); or
- Lifetime ECL – representing the ECL that results from all possible default events over the expected life of the contract.

Simplified approach - Trade receivables, lease receivables and contract assets

SFRS(I) 9.5.5.15-16

For all trade receivables, lease receivables and contract assets, the Group adopts a simplified approach whereby an allowance for lifetime ECL is assessed upon initial recognition. The Group estimates lifetime ECL using a provision matrix based on historical credit loss experience, adjusted for various factors including debtor-specific factors, forward-looking information such as industry and economic forecasts, and others as appropriate.

General approach – All other financial instruments on which ECL assessment is required

SFRS(I) 9.5.5.1-11

For all other financial instruments on which ECL is assessed, an allowance for 12-month ECL is recorded upon initial recognition. The allowance is increased to lifetime ECL if the credit risk at each reporting date has increased significantly as compared to the credit risk at initial recognition. In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group considers all reasonable and supportable information that is relevant and available without undue cost or effort including both historical credit experience and forward-looking information.

SFRS(I) 7.35F(b), B8A

The Group regards the following as events of default:
- Events that make it unlikely for the borrower to repay in full unless the Group undertakes actions to recover the asset (e.g., by exercising rights over collaterals or other credit enhancements); or
- The financial instrument has become overdue in excess of 90 days.

Credit-impaired financial instruments

SFRS(I) 7.35F(d), 35G(a)(iii), 9A

At each reporting date, the Group assesses whether a financial instrument on which ECL assessment is required has become credit-impaired. This is the case when one or more events have occurred that are considered to be detrimental to the estimated future cash flows of the instrument. Evidence that a financial asset is credit-impaired includes observable data about the following events:
- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event (e.g., being more than 90 days past due);
- other lenders granting concessions (such as loan restructurings) to the borrower due to economic or contractual reasons, that would not have been considered in the absence of the borrower's financial difficulty;
- increasing likelihood that the borrower will enter bankruptcy or other financial re-organization; and
- the disappearance of an active market for the borrower's securities due to financial difficulties.

For credit-impaired financial assets, interest income is determined by applying the effective interest rate to the net carrying amount of the financial asset (after deduction of the ECL allowance).

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122
SFRS(I) 7.21

3. Significant Accounting Policies (cont'd)

(p) Financial assets (cont'd)

iv. Impairment

Write-off policy

SFRS(I) 7.35F(e)

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, such as when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit and loss.

v. Recognition and derecognition

SFRS(I) 7.B5(c)
SFRS(I) 9.3.1.1
SFRS(I) 9.3.1.2

Financial assets are recognised when, and only when the Group becomes a party to its contractual provisions. All regular way purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset.

SFRS(I) 9.3.2.3

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership 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 received.

SFRS(I) 9.3.2.12
SFRS(I) 9.5.7.10
SFRS(I) 9.B5.7.1

On derecognition of a financial asset that is a debt instrument, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss. In addition, for a financial asset that is a debt instrument at FVOCI, the cumulative gain or loss previously accumulated in the fair value adjustment reserve is reclassified to profit and loss.

On derecognition of an equity investment at FVPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss. For equity investments at FVOCI, this difference is instead recognised directly in equity as part of retained earnings. Cumulative gains and losses previously accumulated in equity are also transferred directly to retained earnings upon derecognition of FVOCI equity investments.

(q) Offsetting of financial assets and financial liabilities

SFRS(I) 1-32.42

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(r) Provisions[1]

SFRS(I) 1-37.14

Provisions are recognised when the Group has a present obligation (legal or constructive) 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.

SFRS(I) 1-37.36

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, 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 (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

Warranties

SFRS(I) 1-37.24
SFRS(I) 1-37.36

Provisions for the expected cost for of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products based on the directors' best estimate of the expenditure required to settle the Group's obligation.

Onerous contracts

SFRS(I) 1-37.66
and 68.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group 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, which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Guidance Notes

Provisions for asset dismantlement, removal or restoration

SFRS(I) 1-37.14

1) Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated. The following accounting policy should be disclosed if such provisions are accounted for:

SFRS(I) 1-37.36

"The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration the time value.

SFRS(I) INT 1.5

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately."

SFRS(I) 6.10
SFRS(I) 6.11

Emission rights received could be recognised as intangible assets at their fair value with all the disclosures required by SFRS(I) 1-38, or an entity may also apply that net liability approach based on SFRS(I) 1-37.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

SFRS(I) 7.21

(s) Financial liabilities

i. Compound instruments (convertible bonds)

SFRS(I) 1-32.28

The component parts of compound instruments (convertible bonds[1]) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

SFRS(I) 1-32.AG 31(a)

SFRS(I) 1-32.AG 31(b)

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

ii. Financial guarantees

SFRS(I) 9.4.2.1(c)

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are measured initially at their fair values and, if not designated as at FVPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with expected credit loss model under SFRS(I) 9.
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

SFRS(I) 9.5.5.1, B5.5.28, 32

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group expects to recover. Loss allowances for ECLs for financial guarantees issued are presented in the Group's statement of financial position as 'other financial liabilities'.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

SFRS(I) 7.21

(s) Financial liabilities (cont'd)

iii. Financial liabilities

SFRS(I) 9.3.1.1

The Group recognises financial liabilities on its statements of financial position when, and only when, the entity becomes a party to the contractual provisions of the instruments.

SFRS(I) 9.5.1.1
SFRS(I) 9.4.2.1

Financial liabilities are recognised initially at fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVPL.

SFRS(I) 1-1.69

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.

For the Group's borrowings that will be affected by the interest rate benchmark reform, changes to the contractual cash flows that are required by the interest rate benchmark reforms are effected by adjusting the effective interest rate of the borrowings, without recognising any immediate gains or losses.

Financial liabilities at FVPL

SFRS(I) 9.4.2.1

Financial liabilities are classified as at FVPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, 2) held for trading, or 3) it is designated as at FVPL[2].

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee or a designated and effective hedging instrument.

SFRS(I) 7.B5(e)
SFRS(I) 7.35

Financial liabilities at FVPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other operating income in the consolidated statement of comprehensive income.

iv. Derecognition of financial liabilities

SFRS(I) 9.3.3.1
SFRS(I) 9.3.3.3

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of a financial liability that has been derecognised and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

SFRS(I) 7.21

(s) Financial liabilities (cont'd)

Guidance Notes

Conversion option

SFRS(I) 1-32.11(b)(ii)

1) If the conversion option in a convertible bond is settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the issuer's own equity instruments, the conversion option is a derivative liability.

SFRS(I) 1-32.28
SFRS(I) 1-32.15
SFRS(I) 1-32.16
SFRS(I) 1-32AG 27(d)

An example of a conversion option that is a derivative liability is found in a convertible bond that is denominated in a foreign currency. This is because the fixed amount of the foreign currency bond that will be extinguished if the holder converts represents a variable amount of cash in the functional currency of the issuer. The following disclosure is suggested:

"On issuance of convertible foreign currency bonds, the proceeds are allocated between the embedded equity conversion option and the liability component. The embedded option is recognised at its fair value. The liability component is recognised as the difference between total proceeds and the fair value of the equity conversion option. The equity conversion option is subsequently carried at its fair value with fair value changes recognised in profit or loss. The liability component is carried at amortised cost until the liability is extinguished on conversion or redemption. When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital."

Financial liabilities designated at FVPL

2) In this illustration, the Group does not have financial liabilities designated at FVPL upon initial recognition. An illustrative accounting policy where the financial liabilities designated at FVPL applied is provided below:

"A financial liability other than a financial liability held for trading or a liability that represents contingent consideration of an acquirer in a business combination may be irrevocably designated as at FVPL upon initial recognition if:

SFRS(I) 9.4.2.2

i. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
ii. the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and for which performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
iii. it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire hybrid contract to be designated as at FVPL.

SFRS(I) 9.B5.7.8
SFRS(I) 9.B5.7.9

However, for financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of the liability is recognised in profit or loss. Changes in fair value that is attributable to changes in the credit risk of a financial liability are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss."

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

SFRS(I) 7.21

(t) Derivative financial instruments and hedge activities

(i) Derivative financial instruments

SFRS(I) 9.5.1.1
SFRS(I) 9.5.2.1(c)
SFRS(I) 9.5.2.3

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit and loss unless the derivative is designated as a hedging instrument, in which case the treatment of gains and losses depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts that are not financial assets are recognised as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVPL. Derivatives embedded in hybrid contracts that contain financial asset hosts are not separated; instead, such contracts are classified as and measured at AC, FVOCI or FVPL in their entirety.

SFRS(I) 1-1.66
SFRS(I) 1-1.69

Derivatives (including embedded derivatives) are presented as non-current assets or liabilities if the remaining maturities exceed 12 months, and they are not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

ii. Hedge accounting

SFRS(I) 9.6.5.2

The Group may designate derivatives as hedging instruments to hedge various financial risks. Each hedge may be classified as either a: (a) fair value hedge; (b) cash flow hedge; or (c) hedge of a net investment in a foreign operation. Each hedging relationship must meet all of the following requirements:
(i) there is an economic relationship between the hedged item and the hedging instrument;
(ii) the effect of credit risk does not dominate the value changes resulting from that relationship; and
(iii) the hedge ratio of that relationship matches the actual quantities of hedged items and hedging instruments designated.

SFRS(I) 9.6.4.1

At the inception of each hedging relationship, the Group formally designates and documents the hedge as well as the Group's risk management objective and strategy for undertaking the hedge. This documentation identifies the hedging instrument and hedged item, the nature of the risk being hedged as well as the method of assessing hedge effectiveness (including the sources of hedge ineffectiveness and determination of the hedge ratio).

SFRS(I) 9.6.5.5

When a hedge ceases to meet the hedge effectiveness requirements relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group rebalances the hedge by adjusting the hedge ratio to meet those requirements again. Hedge accounting is discontinued prospectively when the hedging relationship (or part thereof) cannot meet the qualifying criteria despite rebalancing, such as when the hedging instrument terminates or otherwise ceases to exist.

Phase 1 Temporary relief - Hedges directly affected by interest rate benchmark reform

SFRS(I) 9.6.8.6
SFRS(I) 9.6.8.4-6.8.5

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group applies the temporary relief offered in Amendments to SFRS(I) 7, SFRS(I) 9, and SFRS(I) 1-39 *Interest Rate Benchmark Reform*, to assume that the benchmark interest rate is not altered as a result of the interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of the interest rate benchmark reform for the purposes of assessing whether the forecast transaction is highly probable, and whether it presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

SFRS(I) 7.21

(t) Derivative financial instruments and hedging activities (cont'd)

SFRS(I) 7.22

ii. Hedge accounting (cont'd)

Phase 1 Temporary relief - Hedges directly affected by interest rate benchmark reform (cont'd)

SFRS(I) 9.6.8.9-6.8.11

The Group will cease to apply this temporary relief when the uncertainty arising from the interest rate benchmark reform is no longer present, with respect to both the timing and the amount of interest rate benchmark-based cash flows, or when the hedging relationship is discontinued.

Phase 2 relief – Applicable when Phase 1 relief ceases to apply

SFRS(I) 9.6.9.1-2

SFRS(I) 9.6.9.4-5

SFRS(I) 9.6.9.7-6.9.8

When the temporary relief in Phase 1 ceases to apply, the Group applies the Phase 2 relief to its interest rate hedges when the necessary conditions are met, namely, that

(a) the change is necessary as a direct consequence of the reform;
(b) the new basis for determining the contractual cash flows is economically equivalent to the previous basis; and
(c) the changes to the hedge documentation are limited to changes in the alternative benchmark rate, changes in the hedged item description, and changes in the hedging instrument description.

Applying the Phase 2 relief to its cash flow hedges, the Group amends the hedge documentation, without discontinuing the interest rate hedges, and deems that the amounts accumulated in the cash flow hedge reserve were based on the new interest rate benchmark.

Applying the Phase 2 relief to interest rate hedges of groups of items, the Group allocates the hedged items to subgroups based on the benchmark rates being hedged, and designates the appropriate benchmark rate as the hedged risk of each subgroup. The Group assesses each sub-group separately, when assessing whether the hedged item is eligible for hedge accounting.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

SFRS(I) 7.21

(t) Derivative financial instruments and hedging activities (cont'd)

SFRS(I) 7.22

ii. Hedge accounting (cont'd)

The Group accounts for various types of hedges as follows:

SFRS(I) 7.23

(a) Fair value hedges

In fair value hedges of hedged items other than FVOCI equity investments, fair value changes on the hedging instrument are recognised in profit and loss. The carrying amount of the hedged item is also adjusted, through profit and loss, for fair value changes that are attributable to the hedged risk, to the extent that the carrying amount does not already include such changes. Where the hedged item is a financial asset that is a debt instrument at FVOCI, fair value changes that are attributable to the hedged risk are wholly-recognised in profit and loss.

For fair value hedges of FVOCI equity investments, fair value changes on both the hedging instrument and hedged item are recognised in other comprehensive income.
Upon prospective discontinuation of a fair value hedge where the hedged item is a financial asset that is a debt instrument at AC or FVOCI, fair value changes on the hedged item that are attributable to the hedged risk and have been previously recognised as above, are amortised through profit and loss from that date.

SFRS(I) 7.23

(b) Cash flow hedges

SFRS(I) 1-1.7(e)
SFRS(I) 9.6.5.11

In cash flow hedges, fair value changes of hedging instruments are recognised in the cash flow hedge reserve through other comprehensive income to the extent that they are effective in offsetting the fair value changes on the hedged item, capped at the lower of (in absolute amounts):

a) the cumulative gain or loss on the hedging instrument from inception of the hedge, and
b) the cumulative change in fair value of the hedged item from inception of the hedge.

Any remaining fair value changes in the hedging instrument are recognised immediately in profit and loss.

Amounts accumulated in the cash flow hedge reserve are realised as follows:

a) If the hedged item is a forecast transaction that subsequently results in the recognition of a non-financial asset or liability, the Group transfers the accumulated amount in the cash flow hedge reserve to the initial carrying amount of the asset or liability.
b) For other cash flow hedges, the accumulated amount in the cash flow hedge reserve is reclassified to profit and loss through other comprehensive income, in the same periods that the hedged item impacts profit and loss.
c) Where the amount accumulated in the cash flow hedge reserve is a loss that the Group does not expect to recover, the Group immediately reclassifies the amount to profit and loss through other comprehensive income.

SFRS(I) 9.6.5.12

Upon prospective discontinuation of a cash flow hedge where the hedged cash flows are still expected to materialise, the corresponding amount accumulated in the cash flow hedge reserve is realised (as described) when the hedged cash flows occur. When the hedged cash flows are no longer expected to occur, the Group immediately reclassifies this amount to profit and loss through other comprehensive income.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

SFRS(I) 7.21

(t) Derivative financial instruments and hedging activities (cont'd)

SFRS(I) 7.22

ii. Hedge accounting (cont'd)

(c) Hedges of net investments in foreign operations

SFRS(I) 9.6.5.13

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Fair value changes on the hedging instrument relating to the effective portion of the hedge is recognised in foreign currency translation reserve through other comprehensive income. The remainder is recognised immediately in profit and loss.

SFRS(I) 9.6.5.14

Upon the disposal or partial disposal of the foreign operation, the cumulative fair value change on the hedging instrument that has been accumulated in the foreign currency translation reserve is reclassified to profit and loss through other comprehensive income.

(u) Related parties

SFRS(I) 1-24.9

A related party is defined as a related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

SFRS(I) 1-24.9(a)

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 reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

SFRS(I) 1-24.9(b)

b. An entity is related to the Group and the company if any of the following conditions applies:

   i. the entity and the reporting entity 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;

   v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

   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.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(v) Segment reporting

SFRS(I) 8.5(b)

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(w) Cash and cash equivalents

SFRS(I) 1-7.45

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statements of financial position.

(x) Share capital

Ordinary shares are classified as equity. Incremental costs[1] directly attributable to the issuance of new ordinary shares are charged to equity, net of any tax effects.

Guidance Notes

1) SFRS(I) 1-32 requires directly attributable costs relating to equity transactions to be recognised in equity, but does not specify which equity account. Accordingly, these costs may also be recognised against retained earnings.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

SFRS(I) 1-1.117
SFRS(I) 1-1.122

3. Significant Accounting Policies (cont'd)

(y) Treasury shares

SFRS(I) 1-32.33

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or re-issued.

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When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of the earnings of the Company.

SFRS(I) 1-32.33

When treasury shares are subsequently sold or re-issued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or re-issue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

(z) Dividends to Company's shareholders

SFRS(I) 1-10.12
SFRS(I) 1-32.35

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

(aa) Government grants

SFRS(I) 1-20.7
SFRS(I) 1-20.12
SFRS(I) 1-20.29

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately under other income.

4. Critical accounting judgements and key sources of estimation uncertainty

SFRS(I) 1-1.122

In the application of the Group's accounting policies, which are described in Note 3 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

SFRS(I) 1-1.122
SFRS(I) 1-1.125
SFRS(I) 1-1.126
SFRS(I) 1-1.129

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements[1] in applying accounting policies

In the process of applying the Company's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements are discussed in the following pages.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

4. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

(a) Critical judgements[1] in applying accounting policies (cont'd)

i. Control over C (Singapore) Pte Ltd as subsidiary

SFRS(I) 12.7(a)
SFRS(I) 12.9(b)

The Group has assessed that C (Singapore) Pte Ltd is a subsidiary although the Group only has a 45 per cent ownership interest (Note 19). Based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of C (Singapore) Pte Ltd that has the power to direct the relevant activities of C (Singapore) Pte Ltd. Therefore, the directors of the Group concluded that it has the practical ability to direct the relevant activities of C (Singapore) Pte Ltd unilaterally and hence the Group has control over C (Singapore) Pte Ltd.

ii. Investment in BB Co. Ltd as an associate

SFRS(I) 12.7(b)
SFRS(I) 12.9(e)

The Group has assessed that BB Co. Ltd is an associate although the Group only has a 17 per cent ownership interest. The Group has significant influence over BB Co. Ltd by virtue of the contractual right to appoint two directors to the board of directors of that Company.

The carrying amount of the investment in BB Co. Ltd and details of these assets are set out in Note 19 Investment in associates.

iii. Classification of investment in Freeflow Limited as financial asset at FVOCI

Management has assessed that it has no significant influence in Freeflow Limited despite its 20% interest, because the other 80% of the ordinary share capital is controlled by 1 shareholder who also manages the day-to-day operation of the Company.

Details of these assets are set out in Note 21 of the financial statements.

SFRS(I) 1-1.125
SFRS(I) 1-1.129

(b) Key sources of estimation uncertainty[2]

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the estimation of future cash flows that are expected to arise from cash-generating units, discount rates and other variables. Further details are provided in Note 16.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

4. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

SFRS(I) 1-1.125
SFRS(I) 1-1.129

(b) Key sources of estimation uncertainty[2](cont'd)

ii. Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight -line basis over its estimated useful life which is estimated to be within 5 to 15 years based on engineering specifications, industry norms, and other factors. This estimate is dependent on variables such as usage levels and technological developments and will be reassessed at the end of every reporting report. The carrying amount of the Group's plant and equipment is disclosed in Note 14 Property, plant and equipment to the financial statements.

SFRS(I) 7.3G
SFRS(I) 7.35F(c)

iii. Loss allowance[4] for trade receivables and contract assets

The Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime expected credit losses (ECLs). The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables based on characteristics which have historically influenced asset recoverability, such as credit ratings, customer-industry group and customer geography, and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward-looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables and contract assets. At every reporting date, the historical default rates are updated and the impact of forward-looking information is re-analysed.

This assessment is subject to significant uncertainty as the estimation of ECL is sensitive to changes in future circumstances and economic conditions. The Group's historical credit loss experience may not be representative of the customer's actual default in the future. Information about ECLs on trade receivables and contract assets are disclosed in Note 38.

iv. Sale of commercial properties[3]

The Group has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the commercial properties to the customers, as it reflects the Group's development efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the commercial properties. The estimated total construction and other related costs are based on contracted amounts. In respect of amounts not contracted for, management relies on past experience and technical expertise to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in the development of similar commercial properties, analysed by different property types and geographical areas for the past 2 to 4 years.

As at 31 December 2021, S$200,000 of the Group's contract assets were subject to the estimation of progress towards completion using the input method. If the estimated total contract cost of on-going contracts to be incurred had been higher/lower by 5%, the Group's contract assets and revenue would have been lower/higher by S$ 10,000. If the estimated total contacts of on-going contracts to be incurred had been higher by 10%, a provision for onerous contracts of S$50,000 would have been recognised. The carrying amount of the Group's contract assets is disclosed in Note 5 to the financial statements.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

4. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

SFRS(I) 1-1.125
SFRS(I) 1-1.129

(b) Key sources of estimation uncertainty[2] (cont'd)

v. Employee share options

The Group measures the cost of equity-settled transactions with employees with reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them (Note 39 Share-based payments).

vi. Defined benefit plan

SFRS(I) 1-19.116

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation is determined using actuarial valuations which involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases (Note 37 Retirement benefit plans).

vii. Fair value measurements and valuation processes

Some of the Groups' assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation committee, which is headed up by a Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 14, 15 and 42.

Guidance Notes

1) If no critical judgements and estimates and assumptions are applied, the following should be disclosed in the financial statements:

"In the preparation of the financial statements, there were no critical judgements and significant assumptions made by management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised. There are no key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

4. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Guidance Notes

2) Disclosure of key sources of estimation uncertainty is not required for assets and liabilities that are measured at fair value based on recently observable market prices. This is because even if their fair values may change materially within the next financial year, these changes will not arise from assumptions or other sources of estimation uncertainty at the reporting date.

The sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation is required to be disclosed only when it is necessary to help users of financial statements understand difficult, subjective or complex judgements made by management concerning the future and other key sources of estimation uncertainty. For example, how COVID-19 affects the assumptions and predictions they have used when estimating amounts recognised in the financial statements.

Although assumptions may already have been updated for the impact of the Covid-19 pandemic in the previous year, entities should still need to review their existing judgements and estimates as they may find additional areas in which they will need to make judgements and estimates. For example, consider impairment triggers that have arisen from the ongoing impact of COVID-19 for non-financial assets. For non-financial assets other than goodwill which have been impaired in a prior period, entities are required to assess whether there has been a change in the estimates used to determine the recoverable amount of the assets since the last impairment loss was recognised which could lead to a reversal of impairment.

SFRS(I) 15.123

3) SFRS(I) 15 requires an entity to disclose the judgements, and changes in the judgements, made in applying the Standard that <u>significantly affect</u> the determination of the amount and timing of revenue from contracts with customers. In particular, an entity must explain the judgements, and changes in the judgements, used in determining both the timing of satisfaction of performance obligations and the transaction price and the amounts allocated to performance obligations. Entities will need to apply judgement to ensure that judgements that significantly affect the determination of the amount and timing of revenue are appropriately disclosed to meet the disclosure requirements.

SFRS(I) 15 requires:

- SFRS(I) 15.124 For performance obligations that an entity satisfies over time, the entity must disclose both the method used to recognise revenue and an explanation why the methods used provide a faithful depiction of the transfer of goods or services.
- SFRS(I) 15.125 For performance obligations satisfied at a point in time, the entity must disclose the significant judgements made in evaluating when a customer obtains control of promised goods or services
- SFRS(I) 15.126 An entity must disclose information about the methods, inputs and assumptions used for determining its transaction price and amounts allocated to performance obligations, including:
  - (a) Determining the transaction price, which includes, but is not limited to, estimating variable consideration, adjusting the consideration for the effects of the time value of money and measuring non-cash consideration.
  - (b) Assessing whether an estimate of variable consideration is constrained.
  - (c) Allocating the transaction price, including estimating stand-alone selling prices of promised goods or services and allocating discounts and variable consideration to a specific part of the contract (if applicable).
  - (d) Measuring obligations for returns, refunds and other similar obligations.
- SFRS(I) 15.127(a) An entity is also required to describe the judgements made in determining the amount of the costs incurred to obtain or fulfil a contract with a customer that are capitalised as an asset.

SFRS(I) 7.35G(b)

4) An entity must disclose how forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information. In this illustration, the Group did not disclose detailed information on how the forecast economic conditions have been incorporated in the determination of expected credit losses because the impact is not significant. Entities are expected to provide more detailed information if the forward-looking information has a significant impact in the calculation of expected credit losses.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

5. Revenue from contract with customers[1]

(a) Disaggregation of revenue from contract with customers

SFRS(I) 15.114
SFRS(I) 15.115

The Group's revenue[2] is disaggregated by principal geographical areas, major product and services lines and timing of revenue recognition. This is consistent with the revenue information as disclosed in Note 6 Segment Information[3,4].

	Group	
	Year ended 2021	Year ended 2020
	S$'000	S$'000
Principal geographical market		
Singapore		
- Electronics and appliance equipment	54,915	58,149
- Health and beauty goods	17,008	18,012
- Construction	3,337	2,386
	75,260	78,547
People's Republic of China		
- Electronics and appliance equipment	28,394	28,821
- Health and beauty goods	10,520	10,110
	38,914	38,931
Mauritius		
- Electronics and appliance equipment	17,430	20,121
- Health and beauty goods	6,457	7,058
	23,887	27,179
Others – South East Asia		
- Electronics and appliance equipment	2,084	5,317
- Health and beauty goods	773	1,866
	2,857	7,183
Total	140,918	151,840
Major product or service lines		
Sale of electronics and appliance equipment		
- Wholesaler	61,694	67,445
- Direct Sales	41,129	44,963
	102,823	112,408
Sale of health and beauty goods	34,758	37,046
Construction of commercial properties	3,337	2,386
	140,918	151,840
Timing of revenue recognition		
At a point in time		
Sale of electronics and appliance equipment	102,823	112,408
Sale of health and beauty goods	34,758	37,046
Over time		
Construction of commercial properties	3,337	2,386
	140,918	151,840

SFRS(I) 15.B87-B89

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

5. Revenue from contract with customers[1] (cont'd)

SFRS(I) 15.116(a)

(b) Contract balances[5]

	Group		
	2021	2020	1 January 2020[5]
	S$'000	S$'000	S$'000
Contract assets - current			
Construction of commercial properties	234	225	255
Contract liabilities - current			
Construction of commercial properties	(31)	(10)	(15)

SFRS(I) 15.117

Contract assets relate to construction of commercial properties representing the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer. Contract liabilities relate to the Group's obligation to transfer goods or services to customer for which the Group has received consideration from customers for construction of commercial properties. Contract liabilities are recognised as revenue as the Group performs under the contract.

SFRS(I) 15.118

Significant changes[6] in the contract assets and contract liabilities balances during the reporting are disclosed as follows:

		Group	
		2021	2020
		S$'000	S$'000
	Contract assets		
	Contract assets reclassified to trade receivable	(110)	(150)
SFRS(I) 15.116(c)	Changes in measurement of progress	120	120
SFRS(I) 15.113(b)	Impairment loss on contract asset	(1)	-
	Contract liabilities		
SFRS(I) 15.116(b)	Revenue recognised at the beginning of the year	210	90
	Increase due to cash received, excluding amounts recognised as revenue during the year	(231)	(85)

SFRS(I) 7.34(a)
SFRS(I) 7.35G
SFRS(I) 7.35G(c)

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

SFRS(I) 7.35M
SFRS(I) 7.35N
SFRS(I) 9.B5.5.35

The Group's and Company's credit risk exposure in relation to contract assets under SFRS(I) 9 as at 31 December 2021 are set out in the provision matrix as presented below. The group's provision for loss allowance is based on past due as the group's historical credit loss experience does not show significantly different loss patterns for different customer segments.

	2021	2020
Group	S$'000	S$'000
Expected credit loss rate	0.5%	0.5%
Gross carrying amount at default- not past due	235	225
Loss allowance – lifetime ECL	(1)	*
Net carrying amount	234	225

* Amount less than $1,000.

5. Revenue from contract with customers[1] (cont'd)

SFRS(I) 15.116(a)

(b) Contract balances[5](cont'd)

SFRS(I) 7.35H

The movement in lifetime ECL that has been recognised for the group's contract assets in accordance with the simplified approach set out in SFRS(I) 9 is presented as below:

	2021	2020
Group	S$'000	S$'000
At 1 January	-	*
Net increase in loss allowance arising from new amounts recognised in current year, net of those derecognised upon billing	1	*
Net carrying amount	1	*

*Amount less than S$ 1,000.

SFRS(I) 15.120

(c) Transaction price allocated to remaining performance obligations

SFRS(I) 15.120(a)

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2021 is S$470,000.

SFRS(I) 15.120(b)(ii)

The Group expects to recognise $350,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2021 in the financial year 2022[7], and $120,000 in the financial year 2023[7].

SFRS(I) 15.122
SFRS(I) 15.121
SFRS(I) 15.B16

This amount has not included variable consideration which is subject to significant risk of reversal[8]. As permitted under paragraph 121 of SFRS(I) 15, the Group does not disclose the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or the Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

(d) Other current assets

SFRS(I) 15.128(a)

	Group	
	2021	2020
	S$'000	S$'000
Costs to obtain contracts		
Construction of commercial properties	60	60

SFRS(I) 15.120(b)
SFRS(I) 15.122

The Group has recognised an asset in relation to costs to obtain construction of a commercial property. This cost is amortised to the profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

SFRS(I) 15.128(b)

Amortisation recognised as part of the cost of sales during the period amounted to S$30,000. There was no impairment loss in relation to the costs capitalised.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

5. Revenue from contract with customers[1] (cont'd)

Guidance Notes

SFRS(I) 15.113

1) An entity is required to disclose revenue recognised from contracts with customers, separately from other sources of revenue (e.g., rental income), unless those amounts are presented separately in the statement of comprehensive income in accordance with other standards.

Financing component

SFRS(I) 15.129
SFRS(I) 15.63

"The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction price for the time value of money."

SFRS(I) 15.114
SFRS(I) 15.B87-B89

2) In this illustration, the Group has determined that disaggregation of revenue using existing segments, major product or services lines, geographical markets and timing of revenue recognition (at a point in time or over time) is appropriate to meet the disclosure requirements as this revenue information is regularly reviewed by the chief operating decision maker and provides users of the financial statements with useful information as to the nature and timing of the revenue from contracts with customers.

SFRS(I) 15 requires the disclosure of revenue from contracts with customers disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Examples of categories for the disaggregation of revenue as provided in SFRS(I) 15 are:
(a) type of good or service (e.g., major product lines)
(b) geographical regions
(c) market or customer type
(d) type of contract (e.g., fixed-price and time-and-materials contracts)
(e) contract duration (e.g., short-term and long-term contracts)
(f) timing of transfer of goods or services (e.g., at a point in time or over time)
(g) sales channels (e.g., sold directly to consumers or sold through intermediaries)

SFRS(I) 15.114

3) An entity must disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure of disaggregated revenue and revenue information that is disclosed for each reporting segment.

4) In this illustration, there were no inter-segment sales as disclosed in Note 6 Segment Information.

SFRS(I) 15.116(a)

5) SFRS(I) 15 requires an entity to disclose the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers if they are not otherwise separately presented or disclosed.

SFRS(I) 15.109

In this illustration, the Group used the term "contract assets" and "contract liabilities". SFRS(I) 15 does not prohibit an entity from using alternative descriptions in the statement of financial position for those items. If an entity uses an alternative description, the entity shall provide sufficient information for a user of the financial statements to distinguish between receivables and contract assets.

SFRS(I) 15.116(a)

Entities are required to disclose the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed. In this illustration, the Group presented the balances as at 1 January 2020, being the opening balances of the comparative period in this note.

6) SFRS(I) 15 requires an entity to provide an explanation of the significant changes in the contract asset and the contract liability balances during the reporting period. The explanation shall include qualitative and quantitative information.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

5. Revenue from contract with customers[1] (cont'd)

Guidance Notes

SFRS(I) 15.120

7) SFRS(I) 15 requires an entity to disclose the following information about its remaining unsatisfied performance obligations:

a) the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the reporting date; and
b) an explanation of when the entity expects to recognise as revenue the amount disclosed in a) in either of the following ways:
   (i) on a quantitative basis using the time bands that would be most appropriate for the duration of the remaining performance obligations; or
   (ii) by using qualitative information.

In this illustration, the Group disclosed such information using qualitative information. An illustrative disclosure using the time bands can be considered as follow:

"Revenue expected to be recognised in the future relate to performance obligations that are unsatisfied (or partially satisfied) at the reporting date is presented as follows:

	20xx S$'000	*20xy S$'000*	*20xz S$'000*	*Total S$'000*
Construction of commercial properties	*XXX*	*XXX*	*XXX*	*XXX*

SFRS(I) 15.57

8) In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur once the uncertainty related to the variable consideration is subsequently resolved, an entity shall consider both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

(a) the amount of consideration is highly susceptible to factors outside the entity's influence. Those factors may include volatility in a market, the judgement or actions of third parties, weather conditions and a high risk of obsolescence of the promised good or service.

(b) the uncertainty about the amount of consideration is not expected to be resolved for a long period of time.

(c) the entity's experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value.

(d) the entity has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances.

(e) the contract has a large number and broad range of possible consideration amounts.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

6. Segment information[1]

(a) Products and services from which reportable segments derive their revenues

SFRS(I) 8.22(a)

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business.

SFRS(I) 8.22(b)
SFRS(I) 1-1.138(b)

The Group's reportable segments are as follows:

- Electronics and appliance equipment

The electronics and appliance equipment segment is a supplier of electronic components for consumer and industrial electronics for wholesaler.

- Health and beauty goods

The health and beauty goods segment is in the retail business of selling skincare, fragrance, make-up and hair care, body care products, health and beauty supplements to consumers.

- Construction

Construction segment is in the construction of commercial properties.

SFRS(I) 8.22(aa)

The electronics and appliances (direct sales) segment includes a number of direct sales operations in various provinces within China each of which is considered as a separate operating segment by the Exco. For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

(1) the nature of the products and production processes;
(2) the type or class of customer for their products and services;
(3) methods used to distribute their products to the customers or provide their services; and
(4) if applicable, the nature of the regulatory environment.

The Group has two operations (the bag manufacturing operation and car business) that were discontinued in the current year. The segment information reported in this note does not include the information of these discontinued operations as these are disclosed in Note 11 Discontinued Operations.

(b) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

SFRS(I) 8.23

	Segment revenue		Segment profit	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Electronics and appliances	102,823	112,408	23,404	26,964
Health and beauty goods	34,758	37,046	8,595	9,415
Construction	3,337	2,386	24	501
	140,918	151,840	32,023	36,880
Share of profits of associates			1,186	1,589
Share of profits of joint venture			282	81
Other income			4,255	3,356
Central administration costs and directors' salaries			(4,053)	(3,856)
Finance costs			(4,803)	(6,418)
Profit before tax from continuing operations			28,890	31,632

SFRS(I) 8.28(b)

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

6. Segment information (cont'd)

(b) Segment revenues and results (cont'd)

SFRS(I) 8.23(a)
SFRS(I) 8.27

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales[2] in the current year (2020: nil). Segment profit represents the profit earned by each segment prior to the allocation of central administration costs and directors' salaries, share of profits of associates, other income and finance costs, and income tax expense. This is the measure reported to the Chief Operating Decision Maker.

SFRS(I) 8.23

(c) Reconciliation

		Group	
		2021	2020
		S$'000	S$'000
SFRS(I) 8.28(c)	**(i) Segment assets**		
	Electronics and appliance	139,683	143,544
	Health and beauty goods	63,975	74,826
	Construction	13,170	23,468
SFRS(I) 8.28(c)	Total segment assets	216,828	241,838
	Assets classified as held-for-sale	22,336	-
	Unallocated	15,644	23,874
	Consolidated total assets	254,808	265,712
SFRS(I) 8.28(d)	**(ii) Segment liabilities**		
	Electronics and appliance	49,131	58,983
	Health and beauty goods	15,226	26,380
	Construction	7,328	3,842
SFRS(I) 8.28(d)	Total segment liabilities	71,685	89,205
	Liabilities relating to classified as held-for-sale	2,489	-
	Unallocated	10,107	9,944
	Consolidated total liabilities	84,281	99,149

SFRS(I) 8.27

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investment in associates, other financial assets, derivatives and tax assets. Goodwill is allocated to reportable segments as described in Note 16 Goodwill. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than other financial liabilities, derivatives, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

6. Segment information (cont'd)

(d) Other segment information

SFRS(I) 8.23(e)
SFRS(I) 8.24(b)

	Group			
	Depreciation and amortisation		Additions to non-current assets	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Electronics and appliance	8,385	10,305	9,283	6,492
Healthy and beauty goods	4,029	4,951	9,386	7,726
Construction	1,464	1,799	5,017	2,207
Total	13,878	17,055	23,686	16,425

SFRS(I) 8.23(i)
SFRS(I) 1-36.129

In addition to the depreciation and amortisation reported above, impairment losses of S$1,204,000 (2020: S$ Nil) and S$235,000 (2020: S$ Nil) were recognised in respect of property, plant and equipment and goodwill, respectively. These impairment losses were attributable to the following reportable segments:

	2021
	S$'000
Impairment losses of property, plant and equipment – electronics and appliance	1,204
Impairment loss of goodwill – construction	235

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

6. Segment information (cont'd)

(e) Revenue from major products and services

SFRS(I) 8.32

The Group's revenue from continuing operations from its major products and services were as follows:

	2021	2020
	S$'000	S$'000
Electronics and appliances	102,823	112,408
Health and beauty products	34,758	37,046
Construction	3,337	2,386
	140,918	151,840

(f) Geographical information

The Group operates in three principal geographical areas – Singapore (country of domicile), People's Republic of China and Mauritius as set out below:

SFRS(I) 8.33

- Singapore
  The Company is headquartered and has operations in Singapore. The operations in this area are principally manufacture and sale of electronics and appliances, and health and beauty products.

- People's Republic of China
  The operations in this area are manufacture and sale of electronics and appliances, health and beauty products and construction of commercial properties.

- Mauritius
  The operations in this are principally sale of health and beauty products.

- Others
  The operations include sale of electronics and appliances in South East Asia countries such as Malaysia, Brunei, Thailand, Vietnam and Cambodia.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

6. Segment information (cont'd)

(f) Geographical information (cont'd)

SFRS(I) 8.33(a)

The Group's revenue from external customers and information about its non-current assets* by geographical location are detailed below:

	Revenue from continuing external customers		Non-current assets*	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Singapore	75,260	78,547	101,238	105,948
People's Republic of China	38,914	38,931	20,364	28,836
Mauritius	23,887	27,179	16,545	20,023
Others	2,857	7,183	8,177	22,464
	140,918	151,840	146,324	177,271
Discontinued operations (Note 11)	55,000	64,000	19,399	-
Total	195,918	215,840	165,723	177,271

* Non-current assets consist of property, plant and equipment, investment properties, goodwill and intangible assets.

(g) Information about major customers

SFRS(I) 8.34

Included in revenues arising from direct sales of electronics and appliances of S$102.8 million (2020: S$112.4 million) (see Note 6 (b)) are revenues of approximately S$25.6 million (2020: S$19.8 million) which arose from sales to the Group's largest customer.

Guidance Notes

SFRS(I) 8.2(a)(b)

1) Segment disclosures are required only for parent companies:

- whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or
- that file, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

Segment revenues and results

SFRS(I) 8.27(a)

2) In this illustration, we have assumed that there were no inter-segment sales in the year. If there were inter-segment sales in the year or previous year, the basis of the inter-segment sales should be disclosed, e.g.,

"Sales between segments are carried out at arm's length."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

7. Other income

		Group	
		2021	2020
		S$'000	S$'000
	Continuing operations		
SFRS(I) 1-1(82)(a)	Interest income:		
	Bank deposits	1,686	934
	Debt instruments at amortised cost	450	389
SFRS(I) 7.20(b)	Total interest income on financial assets at amortised cost[1]	2,136	1,323
	Dividends received from financial assets at FVOCI	150	150
SFRS(I) 16.90(a)(ii)	Finance income on net investment in the lease	23	24
	Miscellaneous income	78	93
SFRS(I) 1-40.75(f)(i)	Operating lease rental income – investment property	18	14
SFRS(I) 1-1.98(c)	Gain/(loss) on disposal of property, plant and equipment	6	67
SFRS(I) 1-21.52(a)	Net foreign exchange gains	518	1,609
	Gain arising on effective settlement of legal claim against a subsidiary (Note 18)	40	-
SFRS(I) 1-40.76(d)	Fair value gains on investment property at fair value through profit or loss	297	8
	Government grant income – Jobs Support Scheme (Note 24)	900	-
SFRS(I) 7.24C(b)	Hedge ineffectiveness on cash flow hedges	89	68
		4,255	3,356

Guidance Notes

SFRS(I) 7.20(b)

1) Entities are required to disclose the total interest revenue (calculated using the effective interest method) for financial assets that are measured at amortised cost or those that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of SFRS(I) 9 (showing these amounts separately).

8. Finance costs

		Group	
		2021	2020
		S$'000	S$'000
	Continuing operations		
	Interest expense:		
	Bank overdrafts and loans carried at amortised cost	4,486	6,025
	Lease liabilities/Interest on obligations under finance leases	395	395
	Other interest expense	14	54
SFRS(I) 7.20(b)	Total interest expenses for financial liabilities not classified as at FVPL[1]	4,895	6,474
SFRS(I) 7.24C(b)(iv)	Fair value gains on interest rate swaps designated as cash flow hedges of floating rate debt reclassified from equity to profit or loss	(120)	(86)
SFRS(I) 1-37.60	Unwinding of discounts on provisions	28	30
		4,803	6,418

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

9. Income taxes

(a) Income tax expense

	Group	
	2021	2020
	S$'000	S$'000
Consolidated statement of comprehensive income:		
Current tax:		
Current income taxation	10,021	11,347
	10,021	11,347
Deferred tax:		
Deferred tax expense relating to the origination and reversal of temporary differences (Note 9 (e))	1,683	548
Deferred tax reclassified from other comprehensive income to profit or loss (Note 9(c))	(150)	(86)
	1,543	462
Income tax expense relating to continuing operations	11,564	11,809

SFRS(I) 1-12.79

A reconciliation[1] between the expense and the product of accounting profit is as follows:

	Group	
	2021	2020
	S$'000	S$'000
Profit before tax from continuing operations	28,890	31,632
Income tax expense calculated at 17% (2020: 17%)	4,911	5,377
Effect of:		
Income not subject to tax	(30)	-
Expenses not deductible for tax purposes	6,651	6,759
Share of profits of associates and joint ventures	(250)	(284)
Effect of different tax rates of subsidiaries operating in other jurisdictions	282	(43)
Income tax expense recognised in profit or loss	11,564	11,809

SFRS(I) 1-12.81(c)

The tax rate used is the corporate tax rate of 17% payable by corporate entities in Singapore on taxable profits under tax law in that jurisdiction.

Expenses not deductible for tax purposes comprise transaction cost related to the acquisition of a subsidiary, exchange loss arising from revaluation of non-trade balances and non-qualifying entertainment and transportation expenses.

9. Income taxes (cont'd)

SFRS(I) 1-12.81(a)

(b) Income tax recognised directly in equity

	Group	
	2021	2020
	S$'000	S$'000
Deferred tax		
Arising on transactions with owners:		
Initial recognition of the equity component of compound financial instruments	242	-
Share issue and buy-back expenses deductible over 5 years	(84)	-
Total income tax recognised directly in equity	158	-

SFRS(I) 1-12.81

(c) Income tax recognised in other comprehensive income

	Group	
	2021	2020
	S$'000	S$'000
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Translation of foreign operations	22	36
Fair value remeasurement of financial instruments designated in a hedge of a net investment in a foreign operation	(4)	-
Fair value remeasurement of financial assets OCI	28	24
Fair value remeasurement of financial instruments treated as cash flow hedges	131	95
Revaluation of property, plant and equipment	-	493
	177	648
Reclassifications from other comprehensive income to profit or loss:		
Relating to cash flow hedges	(114)	(86)
On disposal of a foreign operation	(2)	-
	(116)	(86)
Total income tax recognised in other comprehensive income	61	562

(d) Current tax assets and liabilities

	Group	
	2021	2020
	S$'000	S$'000
Current tax assets		
Tax refund receivable	125	60
	125	60
Current tax liabilities		
Income tax payable	5,270	5,868

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

9. Income taxes (cont'd)

(e) Deferred tax balances

Deferred tax assets/(liabilities) arise from the following:

	Group				
	Opening balance	Recognised in profit or loss[5]	Recognised in other comprehensive income	Reclassified from equity to profit or loss	Closing balance
	S$'000	S$'000	S$'000	S$'000	S$'000
SFRS(I) 1-12.81(a) **2020**					
SFRS(I) 1-12.81(g) ***Temporary differences***					
Cash flow hedges	(110)	-	(95)	86	(119)
Associates	(791)	(477)	-	-	(1,268)
Property, plant & equipment	(2,560)	(202)	(493)	-	(3,255)
Finance lease receivables	(29)	7	-	-	(22)
Intangible assets	(669)	97	-	-	(572)
Financial assets at FVOCI	(202)	-	(24)	-	(226)
Exchange difference on foreign operations	22	-	(36)	-	(14)
Provisions	1,692	(20)	-	-	1,672
Other financial liabilities	9	(4)	-	-	5
Others	45	49	-	-	94
	(2,593)	(550)	(648)	86	(3,705)
Unused tax losses and credits					
Others	-	2	-	-	2
	-	2	-	-	2
	(2,593)	(548)	(648)	86	(3,703)

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

9. Income taxes (cont'd)

(e) Deferred tax balances (cont'd)

Deferred tax assets/(liabilities) arise from the following: (cont'd)

Group

		Opening balance S$'000	Recognised in profit or loss[5] S$'000	Recognised in other comprehensive income S$'000	Recognised directly in equity S$'000	Reclassified from equity to profit or loss S$'000	Acquisitions/ disposals S$'000	Closing balance S$'000
SFRS(I) 1-12.81(a)	**2021**							
SFRS(I) 1-12.81(g)	***Temporary differences***							
	Cash flow hedges	(119)	-	(131)	-	114	-	(136)
	Net investment hedges	-	-	4	-	-	-	4
	Associates	(1,268)	(356)	-	-	-	-	(1,624)
	Property, plant & equipment	(3,255)	(1,585)	-	-	-	495	(4,345)
	Finance lease receivables	(22)	18	-	-	-	-	(4)
	Intangible assets	(572)	214	-	-	-	-	(358)
	Financial assets at FVOCI	(226)	-	(28)	-	-	-	(254)
	Convertible bond	-	9	-	(242)	-	-	(233)
	Exchange difference on foreign operations	(14)	-	(22)	-	36	-	-
	Provisions	1,672	42	-	-	-	-	1,714
	Other financial liabilities	5	2	-	-	-	-	7
	Unclaimed share issue and buy-back costs	-	-	-	84	-	-	84
	Others	94	(27)	-	-	-	-	67
		(3,705)	(1,683)	(177)	(158)	150	495	(5,078)
	Unused tax losses and credits							
	Other	2	-	-	-	-	-	2
		2	-	-	-	-	-	2
		(3,703)	(1,683)	(177)	(158)	150	495	(5,076)

Deferred tax balances[5] are presented in the statements of financial position as follows:

	Group 2021 S$'000	Group 2020 S$'000
Deferred tax liabilities	4,690	3,703
Directly associated with disposal group held for sale (Note 11)	430	-
	5,076	3,703

9. Income taxes (cont'd)

(f) Unrecognised taxable temporary differences associated with investments in subsidiaries

SFRS(I) 1-12.81(f)

Deferred tax liabilities amounting to S$260,000 (2020: S$214,000) have not been recognised in respect of taxes that will be payable upon distribution of earnings of certain foreign subsidiaries. The Group controls the distribution of these earnings and has determined that such earnings will not be distributed in the foreseeable future.

(g) Unrecognised deferred tax assets

SFRS(I) 1-12.81(e)

The following deferred tax assets have not been recognised at the reporting date:

	Group	
	2021	2020
	S$'000	S$'000
Tax losses	11	11

SFRS(I) 1-12.82
SFRS(I) 1-12.81(e)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group[2,4] has unrecognised tax losses of S$65,000 (2020: S$65,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses have no expiry date.

Guidance Notes

A. Income tax recognised in profit or loss

Applicable tax rate(s)

SFRS(I) 1-12.85

1) In explaining the relationship between tax expenses and accounting profit, an entity shall use an applicable tax rate that provides the most meaningful information to the users of its financial statements. This publication illustrates the disclosure where the corporate tax rate in the country in which the Company is domiciled (Singapore) is the most meaningful tax rate.

   Another entity operating in several jurisdictions may find it more meaningful to aggregate separate reconciliations prepared using the domestic rates in those jurisdictions. When that approach is adopted, the line item "effect of different tax rates in other countries" will no longer be relevant.

Investment holding company

2) In the situations where the entity is an investment holding company, the following disclosures should be considered:

   "The losses incurred by the Company, which is an investment holding company, are not available to offset against future taxable profits under relevant sections of the Income Tax Act."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

9. Income taxes (cont'd)

Guidance Notes

3) Not used.

Dormant company

4) In the event, the entity is dormant, the following disclosure can be considered:

"As the Company is dormant, the losses incurred by the Company cannot be carried forward to offset against future profits."

B. Deferred tax balances

Deferred income tax or expense recognised in profit or loss

SFRS(I) 1-12.81(g)(ii)

5) This disclosure is required in situations where the amount of the deferred tax income or expense recognised in profit or loss relating to each type of deferred tax assets/liabilities is not apparent from the changes in the amounts recognised in the statements of financial position.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

10. Discontinued operations

(a) Disposal of bag manufacturing operations

SFRS(I) 5.30
SFRS(I) 5.41

On 28 August 2021, the board of directors entered into a sale agreement to dispose of A Limited, which carried out all of the Group's bag manufacturing operations. The disposal of the bag manufacturing operations is consistent with the Group's long-term policy to focus its activities in the electronics and appliance and other health and beauty goods markets. The disposal was completed on 29 October 2021, on which date control of the bag manufacturing operations passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 18 Investment in subsidiaries.

(b) Plan to dispose of the car business

SFRS(I) 5.30
SFRS(I) 5.41

On 30 October 2021, the board of directors announced a plan to dispose of the Group's car business. The Group is actively seeking a buyer for its car business and expects to complete the sale by 31 July 2022. The assets and liabilities related to the car business have been reclassified to assets and liabilities held-for-sale (Note 11).

(c) Analysis[2] of profit for the year from discontinued operations

The combined results of the discontinued operations (i.e., bag manufacturing and car businesses) included in the consolidated statement of comprehensive income are set out below. The comparative statement of comprehensive income has been re-presented to include those operations classified as discontinued in the current period[2].

		Group	
		2021	2020
		S$'000	S$'000
SFRS(I) 5.33(b)	***Profit for the year from discontinued operations***		
	Revenue	55,000	64,000
	Other income	30	45
		55,030	64,045
	Expenses	(45,500)	(51,052)
	Profit before tax	9,530	12,993
SFRS(I) 1-12.81(h)	Income tax expense	(2,530)	(2,998)
	Profit for the year	**7,000**	**9,995**
	Gain on disposal of operation	1,830	-
SFRS(I) 1-12.81(h)	Income tax expense	(630)	-
		1,200	-
SFRS(I) 5.33(b)	Profit for the year from discontinued operations (attributable to owners of the Company)	8,200	9,995
SFRS(I) 5.33(c)	***Cash flows from discontinued operations[1]***		
	Net cash inflows from operating activities	5,950	6,900
	Net cash inflows from investing activities	3,500	-
	Net cash outflows from financing activities	(5,302)	-
	Net cash inflows	4,148	6,900

10. Discontinued operations (cont'd)

Guidance Notes

SFRS(I) 5.33(c)

1) The net cash flows attributable to operating, investing and financing activities of discontinued operations (including comparatives) shall be disclosed either in the Notes to the financial statements or on the face of the cash flow statement/ statement of cash flow. This illustration illustrates the disclosure when the entity elects to disclose in the Notes to the financial statements.

   If the entity elects to present net cash flows on the face of the statement of cash flows, the relevant net cash flows should be presented under operating, investing and financing activities respectively. It is not appropriate to combine and present the net cash flows from three activities as one-line item under operating, investing or financing activities.

SFRS(I) 5.33(b)
SFRS(I) 5.33(c)
SFRS(I) 5.39

2) These analyses/disclosures are not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition.

11. Disposal group classified as held for sale[1]

	Group	
	2021	2020
	S$'000	S$'000
Assets related to car business	22,336	-
Liabilities associated with assets held for sale	2,489	-

SFRS(I) 5.41
SFRS(I) 5.38

As described in Note 10 Discontinued operations, the Group is seeking to dispose of its car business and anticipates that the disposal will be completed by 31 July 2022. The directors expect that the fair value less costs to sell of the business will be higher than the aggregate carrying amount of the related assets and liabilities.

The major classes of assets and liabilities of the car business at the end of the reporting period are as follows:

	Group
	2021
	S$'000
Goodwill (Note 16)	1,150
Property, plant and equipment	18,249
Inventories	890
Trade receivables	1,872
Cash and bank balances (Note 26)	175
Assets of disposal group classified as held for sale	22,336
Trade payables	(2,059)
Deferred tax liabilities (Note 9)	(430)
Liabilities of disposal group classified as held for sale	(2,489)
Net assets of disposal group classified as held for sale	19,847

Guidance Notes

SFRS(I) 5.26A

1) When an entity made a direct reclassification of an asset or disposal group from being held for sale to being held for distribution to owners, or vice versa, this reclassification is considered a continuation of the original plan of disposal. As a result, the entity continues to measure the assets (or disposal group) at the lower of carrying amount and fair value less cost to sell.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

12. Profit for the year from continuing operations[1,2]

SFRS(I) 1-1.97
SFRS(I) 1-1.104

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

Reference		Group 2021 S$'000	Group 2020 S$'000
SGX 1207(6a)	Audit fees[3] paid to:		
	- Auditors of the Company	250	250
	- Other auditors	50	50
SGX 1207(6a)	Non-audit fees[3] paid to:		
	- Auditors of the Company	100	50
	- Other auditors	80	-
SFRS(I) 1-1.104 SFRS(I) 1-16.75(a)	Depreciation of property, plant and equipment	12,587	15,794
SFRS(I) 1-1.104	Amortisation of intangible assets	1,291	1,261
SFRS(I) 1-1.104	Employee benefits expense	9,803	11,655
SFRS(I) 1-2.36(d)	Inventories recognised as an expense in cost of sales	87,897	91,840
	Research and development costs	502	440
	Impairment loss on property, plant and equipment	1,204	-
	Impairment of goodwill	235	-
SFRS(I) 1-1.97 and 104	Transportation charges[2]	550	458
SFRS(I) 1-1.97 and 104	Marketing expenses	3,305	2,254
SFRS(I) 7.20(a)	Net loss arising on financial assets classified as FVPL	707	-

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

12. Profit for the year from continuing operations[1,2] (cont'd)

Guidance Notes

Expenses by function

SFRS(I) 1-1.99

1) This disclosure is required only to entities that present their expenses by function on the face of the statement of comprehensive income. In this illustration, the reporting entity presents only selected significant/material expenses in this Note to the financial statements.

Separate disclosure of income and expenses

SFRS(I) 1-1.97
SFRS(I) 1-1.98

2) Where items of income and expense are of such size, nature or incidence that their disclosure is relevant to explain the performance of the entity for the period, the nature and amount of such items shall be disclosed separately. This includes:

   (a) write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs;

   (b) restructuring of the activities of an entity and reversals of any provision for the costs of restructuring;

   (c) disposals of items of property, plant and equipment;

   (d) disposals of investments;

   (e) discontinued operations;

   (f) litigation settlements;

   (g) other reversals of provisions;

SFRS(I) 1-1.97

This expense item (transportation charges) has been disclosed separately as it is considered to be material in the assumed scenario due to their size or nature.

Audit and non-audit fees

SGX 1207 6a

3) The aggregate amount of fees paid to auditors, broken down into audit and non-audit services. If there are no audit or non-audit fees paid, an appropriate negative statement shall be made.

"The financial statements of the Company for the year ended 31 December 2021 do not include non-audit fees."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

13. Earnings per share[1,2,3,4,5]

		Group	
		2021	2020
		Cents per share	Cents per share
	Basic earnings per share		
	From continuing operations	76.6	71.9
SFRS(I) 1-33.68	From discontinued operations	47.1	42.1
	Total basic earnings per share	123.7	114.0
	Diluted earnings per share		
	From continuing operations	70.3	71.6
SFRS(I) 1-33.68	From discontinued operations	43.0	42.0
	Total diluted earnings per share	113.3	113.6

Basic earnings per share

SFRS(I) 1-33.10

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

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

		Group	
		2021	2020
		S$'000	S$'000
SFRS(I) 1-33.70(a)	Profit for the year attributable to owners of the Company	21,526	27,055
	Earnings used in the calculation of total basic earnings per share	21,526	27,055
	Profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	(8,200)	(9,995)
	Earnings used in the calculation of basic earnings per share from continuing operations	13,326	17,060

		Group	
		2021	2020
		'000	'000
SFRS(I) 1-33.70(b)	Weighted average number of ordinary shares for the purposes of basic earnings per share (all measures)	17,400	23,730

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

13. Earnings per share[1,2,3,4,5] (cont'd)

Diluted earnings per share

SFRS(I) 1-33.30
SFRS(I) 1-33.31
SFRS(I) 1-33.33
SFRS(I) 1-33.36
SFRS(I) 1-33.41
SFRS(I) 1-33.A15

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

SFRS(I) 1-33.36

Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense less the tax effect.

SFRS(I) 1-33.45

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

SFRS(I) 1-33.70(a)

The earnings used in the calculation of diluted earnings per share are as follows:

	Group	
	2021	2020
	S$'000	S$'000
Earnings used in the calculation of total basic earnings per share	21,526	27,055
Interest on convertible bond (after tax at 17%)	77	-
Earnings used in the calculation of diluted earnings per share from continuing operations	21,603	27,055
Profit for the year from discontinued operations used in the calculation of diluted earnings per share from discontinued operations	(8,200)	(9,995)
Earnings used in the calculation of diluted earnings per share from continuing operations	13,403	17,060

SFRS(I) 1-33.70(b)

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Group	
	2021	2020
	'000	'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	17,400	23,730
Effects of dilutive potential ordinary shares:		
Employee options	161	85
Convertible bond	1,500	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures)	19,061	23,815

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

13. Earnings per share[1,2,3,4,5] (cont'd)

Guidance Notes

Earnings per share ("EPS")

SFRS(I) 1-33.64

1) If the number of ordinary or potential ordinary shares increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split before the financial statements are authorised for issue, the basic and diluted EPS for all periods presented shall be adjusted retrospectively, even when this occurs after the reporting period.

SFRS(I) 1-33.73

2) If the reporting entity discloses, in addition to basic and diluted EPS, per share amounts using another measure of net profit, such amounts shall be calculated using the weighted average number of ordinary shares determined based on SFRS(I) 1-33. The basic and diluted per share amount shall be disclosed in the Notes to the financial statements. A reconciliation shall be provided between the measure used and a line item reported in the statement of comprehensive income.

3) An entity shall present basic and diluted earnings per share, even if the amounts are negative (i.e., a loss per share).

SFRS(I) 1-33.70(d)

4) An entity shall disclose a description of ordinary share transactions or potential ordinary share transactions, other than those resulted from share capitalisation, bonus issue or share split, that occur after the end of the reporting period and that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period.

SFRS(I) 1-33.71

Example of such transactions include:

- An issue of shares for cash;
- An issue of shares when the proceeds are used to repay debt or preference shares outstanding at the end of the reporting period;
- The redemption of ordinary shares outstanding;
- The conversion or exercise of potential ordinary shares outstanding at the end of the reporting period into ordinary shares;
- An issue of options, warrants, or convertible instruments; and
- The achievement of conditions that would result in the issue of contingently issuable shares.

Earnings per share amounts are not adjusted for such transactions occurring after the end of the reporting period because such transactions do not affect the amount of capital used to produce profit or loss for the period.

Anti-dilutive earnings per share

SFRS(I) 1-33.70(c)

5) If the earnings (per ordinary share basis) attributable to the potential ordinary shares are higher than that attributable to ordinary shares, these potential ordinary shares are said to be anti-dilutive. Potential ordinary shares shall be treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. SFRS(I) 1-33.70(c) requires disclosure of potential ordinary shares which are not included in the calculation of the diluted EPS because they are anti-dilutive for the periods presented, but which could potentially dilute basic EPS in the future.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

14. Property, plant and equipment[2]

		Group	
		2021	2020
		S$'000	S$'000
	Cost or valuation	150,252	176,334
	Accumulated depreciation and impairment losses	(36,398)	(36,090)
	Net book value	113,854	140,244
SFRS(I) 13.93(e)	Freehold land, valuation	15,078	17,868
SFRS(I) 13.93(e)	Buildings, valuation	14,065	17,408
	Plant and equipment, at cost	84,711	104,968
		113,854	140,244

SFRS(I) 1-1.78(a)		Freehold land at fair value	Buildings at fair value	Plant and equipment at cost	Total
		S$'000	S$'000	S$'000	S$'000
SFRS(I) 1-16.73(d)	***Cost or valuation***				
SFRS(I) 1-16.73(d)	Balance at 1 January 2020	16,923	12,659	153,424	183,006
SFRS(I) 1-16.73(e)(i)	Additions	-	3,919	12,506	16,425
SFRS(I) 1-16.73(e)(ii)	Disposals	-	-	(25,788)	(25,788)
SFRS(I) 1-40.8(e)	Transferred to investment property (Note 15)	-	(1,510)	-	(1,510)
SFRS(I) 1-16.73(e)(iv)	Revaluation increase	1,608	2,533	-	4,141
SFRS(I) 1-16.73(e)(viii)	Effect of foreign currency exchange differences	(663)	(193)	12	(844)
	Balance at 31 December 2020	17,868	17,408	140,154	175,430
SFRS(I) 1-16.73(e)(i)	Additions	-	-	22,983	22,983
SFRS(I) 1-16.73(e)(ii)	Disposals	(1,439)	(1,200)	(13,025)	(15,664)
	Transferred as consideration for acquisition of subsidiary	(400)	-	-	(400)
	Derecognised on disposal of a subsidiary	-	-	(8,419)	(8,419)
	Acquisitions through business combinations	-	-	512	512
SFRS(I) 1-16.73(e)(ii)	Reclassified to disposal group classified as held for sale	(1,200)	(1,357)	(22,045)	(24,602)
SFRS(I) 1-16.73(e)(viii)	Effect of foreign currency exchange differences	249	-	163	412
SFRS(I) 1-16.73(d)	Balance at 31 December 2021	15,078	14,851	120,323	150,252

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

		Freehold land at fair value S$'000	Buildings at fair value S$'000	Plant and equipment at cost S$'000	Total S$'000
	Accumulated depreciation and impairment losses				
SFRS(I) 1-16.73(d)	Balance at 1 January 2020	-	(1,551)	(25,397)	(26,948)
SFRS(I) 1-16.73(e)(ii)	Disposals	-	-	4,610	4,610
SFRS(I) 1-16.73(e)(iv)	Eliminated on revaluation	-	2,498	-	2,498
SFRS(I) 1-16.73(e)(vii)	Depreciation expense[1]	-	(947)	(14,847)	(15,794)
SFRS(I) 1-16.73(e)(viii)	Effect of foreign currency exchange differences	-	-	448	448
SFRS(I) 1-16.73(d)	Balance at 31 December 2020	-	-	(35,186)	(35,186)
	Disposals	-	106	4,102	4,208
	Eliminated on disposal of a subsidiary	-	-	2,757	2,757
SFRS(I) 1-16.73(e)(ii)	Eliminated on reclassification to disposal group classified as held for sale	-	153	6,200	6,353
SFRS(I) 1-36.126(a) SFRS(I) 1-16.73(e)(v)	Impairment losses recognised in profit or loss	-	-	(1,204)	(1,204)
SFRS(I) 1-16.73(e)(vii)	Depreciation expense[1]	-	(774)	(11,813)	(12,587)
SFRS(I) 1-16.73(e)(viii)	Effect of foreign currency exchange differences	-	-	(287)	(287)
SFRS(I) 1-16.75(d)	Balance at 31 December 2021	-	(515)	(35,431)	(35,946)
	Net book value				
	At 31 December 2021	15,078	14,336	84,892	114,306
	At 31 December 2020	17,868	17,408	104,968	140,244

(a) Impairment losses recognised

SFRS(I) 1-36.131
SFRS(I) 1-16.78

During the year, impairment losses recognised in respect of technically obsolete plant and equipment amounted to S$1,204,000 (2020: S$ Nil). Those assets belonged to the Group's electronics and appliance reportable segment.

SFRS(I) 1-36.126(a)

The impairment losses have been included in the line-item other expenses in the consolidated statement of comprehensive income.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

14. Property, plant and equipment[2] (cont'd)

(b) Freehold land and buildings carried at fair value

SFRS(I) 1-16.77(a)(b)
SGX 1207.11

An independent valuation of the Group's freehold land and buildings was performed by Top One Surveyors Pte. Ltd., an independent valuer, to determine the fair value of the land and buildings as at 31 December 2020. The valuer has a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

SFRS(I) 13.91(a), 93(d)

The fair value of the freehold land and buildings was determined using market comparable approach that uses yield adjustments based on management's assumption. There has been no change to the valuation technique from previous year. The fair values are regarded as level 3 fair values.

SFRS(I) 13.93(a)(b)

Details of the Group's freehold land and buildings and information about the fair value hierarchy as at 31 December 2020 are as follows:

	Level 1	Level 2	Level 3	Fair value as at 2020
	S$'000	S$'000	S$'000	S$'000
- Freehold land	-	-	17,868	17,868
- Buildings	-	-	14,694	14,694

Valuation techniques used to derive Level 3 fair values

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2020:

Description	Fair Value as at 31 December 2020 S$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Freehold land	17,868	Market comparable approach	Yield adjustments based on management's assumptions*	10% to 25% (12%)
Buildings	14,694	Market comparable approach	Yield adjustments based on management's assumptions*	10% to 20% (15%)

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

A significant increase (decrease) in yield adjustments based on management's assumptions would result in a significantly lower (higher) fair value measurement.

SFRS(I) 13.93(c)

There were no transfers[3] between Level 1 and Level 2 during the year.

SFRS(I) 1-16.77(e)

Had the Group's freehold land and buildings (other than land and buildings classified as held for sale or included in a disposal group) been measured at cost less accumulated depreciation, their carrying amounts would have been as follows:

	Group	
	2021	2020
	S$'000	S$'000
Freehold land	14,500	16,500
Buildings	5,400	11,712

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

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14. Property, plant and equipment[2] (cont'd)

(c) Assets pledged as security

SFRS(I) 1-16.74(a)

Freehold land and buildings with a carrying amount of S$26,700,000 (2020: S$32,562,000) have been mortgaged to secure borrowings of the Group (see Note 31 Borrowings). Freehold land and buildings have been pledged as security for bank loans under a mortgage. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

SFRS(I) 1-7.43

The cash outflow on acquisition of property, plant and equipment amounted to approximately S$22,932,000 (2020: S$11,875,000).

(d) Right-of-use assets

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 41.

Guidance Notes

SFRS(I) 1-8.39
SFRS(I) 1-16.76

1) Where applicable, an entity should disclose the nature and effect of a change in accounting estimate that has an effect in the current or subsequent periods.

Illustrative Note disclosure for change in estimated useful life of equipment:

"During the financial year, the Group conducted an operational efficiency review on its production lines. The Group revised the estimated useful lives of some machines from five to eight years, after refurbishment that will enable these machines to remain in production for additional [x] years. The revision in estimate has been applied on a prospective basis from 1 January 2021. The effect of the above revision on depreciation charge in current and future periods are as follows:

	2021	*2022*	*2023*	*Later*
	S$'000	*S$'000*	*S$'000*	*S$'000*
Decrease in depreciation expense	*(XXX)*	*(XXX)*	*(XXX)*	*(XXX)"*

SFRS(I) 1-16.79(a) to (d)

2) Entities are also encouraged to disclose the following information, which users of financial statements may find relevant to their needs:

- The carrying amount of temporarily idle property, plant and equipment;
- The gross carrying amount of any fully depreciated property, plant and equipment that is still in use;
- The carrying amount of property, plant and equipment retired from active use and not classified as held for sale in accordance with SFRS(I) 5; and
- When the cost model is used, the fair value of property, plant and equipment when this is materially different from the carrying amount.

SFRS(I) 13.95
SFRS(I) 13.C3

3) If an asset has been transferred between different levels of the fair value hierarchy during the year, the Group should disclose the reasons for the transfer and the Group's policy for determining when transfers between levels are deemed to have occurred (for example, at the beginning or end of the reporting period or at the date of the event that caused the transfer).

15. Investment properties[2]

		Group	
		2021	2020
		S$'000	S$'000
	At fair value		
SFRS(I) 1-40.76	Balance at beginning of year	1,642	170
SFRS(I) 1-40.76(a)	Additions through subsequent expenditure	10	12
	Disposals	-	(58)
SFRS(I) 1-40.76(f)	Transferred from property, plant and equipment (Note 14)	-	1,510
SFRS(I) 1-40.76(d), SFRS(I) 13.93(e)	Gain from fair value adjustments (under level 3)[2] recognised in profit or loss	297	8
SFRS(I) 1-40.76(e)	Effect of foreign currency exchange differences	(13)	-
SFRS(I) 1-40.76	Balance at end of year	1,936	1,642

SFRS(I) 1-40.75(e)
SFRS(I) 13.91(a)

The fair value of the Group's investment properties at 31 December 2021 has been arrived at on the basis of a valuation carried out at that date by Top One Surveyors Pte. Ltd., an independent valuer with appropriate qualifications and experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

SFRS(I) 13.93(i)

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

SFRS(I) 13.93(b)

The fair value measurement for the investment property of $1,936,000 (2020: S$ 1,642,000) has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

SFRS(I) 1-1.125, 129,
SFRS(I) 13.93(d),

Valuation techniques used to derive Level 3 fair values

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Valuation techniques	Unobservable inputs	Range [weighted average]
Commercial property	Market comparable approach	Yield adjustments based on management's assumptions*	10% to 20% [15%] (2020: 10% to 20% [15%])

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

A significant increase (decrease) in yield adjustments based on management's assumptions would result in a significantly lower (higher) fair value measurement.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

15. Investment properties[2] (cont'd)

All of the Group's investment properties is held under freehold interests.

Investment property is leased to non-related parties under operating leases (Note 41).

The investment properties held by the Group[1] as at 31 December are as follows:

SGX 1207.11(b)

Description and location	Existing use	Tenure	Unexpired lease term
Shop unit in a 5-storey shopping centre, PRC	Shop	Leasehold	58 years

SFRS(I) 1-40.75(f)(i)
SFRS(I) 1-40.75(f)(ii)
SFRS(I) 1-40.75(f)(iii)

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to S$18,000 (2020: S$14,000). Direct operating expenses arising on the investment property in the period amounted to S$4,000 (2020: S$3,000). Property tax and other direct operating expenses arising from investment property that did not generate rental income is S$ Nil (2020: S$ Nil).

Guidance Notes

List of properties held for investment

SGX 1207.11

1) The disclosure is only required for entities listed on the SGX-ST, where the aggregate value of all properties for development, sale or for investment purposes held by the entity represent more than 15% of the value of the consolidated net tangible assets, or contribute more than 15% of the consolidated pre-tax operating profit. This disclosure may be included in other parts of the entity's annual report instead.

Fair value disclosures for investment properties measured using the cost model

SFRS(I) 13.97

2) For investment properties that are measured using the cost model, SFRS(I) 1-40.79(e) requires the fair value of the properties to be disclosed in the notes to the financial statements. In that case, the fair value of the properties (for disclosure purpose) should be measured in accordance with SFRS(I) 13.

16. Goodwill

		Group	
		2021	2020
	Cost	S$'000	S$'000
SFRS(I) 3.B67(d)(i)	Balance at beginning of year	24,060	23,920
SFRS(I) 1-38.118(e)(i) SFRS(I) 3.B67(d)(ii)	Additional amounts recognised from business combinations occurring during the year (Note 18)	478	-
SFRS(I) 1-38.118(e)(ii)	Derecognised on disposal of a subsidiary (Note 18)	(3,080)	-
SFRS(I) 3.B67(d)(vii)	Reclassified to disposal group classified as held for sale (Note 11)	(1,150)	-
SFRS(I) 1-38.118(e)(vii) SFRS(I) 3.B67(d)(vi)	Effect of foreign currency exchange differences	212	140
SFRS(I) 3.B67(d)(viii)	Balance at end of year	20,520	24,060
	Accumulated impairment losses		
SFRS(I) 3.B67(d)(i)	Balance at beginning of year	-	-
SFRS(I) 1-38.118(e)(iv) SFRS(I) 1-36.126(a) SFRS(I) 3.B67(d)(v)	Impairment losses recognised in the year	(235)	-
SFRS(I) 3.B67(d)(viii)	Balance at end of year	(235)	-
	Net book value	20,285	24,060

(a) Allocation of goodwill to cash-generating units

SFRS(I) 1-36.135

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the following cash-generating units (CGU):

- Electronics and appliance
- Health and beauty goods
- Construction

SFRS(I) 1-36.134(a)

The carrying amount of goodwill (other than goodwill classified as held for sale and goodwill relating to discontinued operations) was allocated to cash-generating units as follows:

	Group	
	2021	2020
	S$'000	S$'000
Health and beauty goods	9,620	9,620
Electronics and appliances	9,400	8,710
Construction operations – other	1,265	1,500
	20,285	19,830

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

16. Goodwill (cont'd)

(a) Allocation of goodwill to cash-generating units (cont'd)

SFRS(I) 1-36.130(e), 134(c) and (d)(iii)

The recoverable amounts of the CGUs have been determined based on value in use[1] calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections, budgeted gross margins, and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Electronics and appliance segment		*Health and beauty segment*	
	2021	2020	2021	2020
Gross Margin	29%	30%	50%	60%
Growth rates	5%	4.5%	6%	5.5%
Pre-tax discount rates	10%	9.5%	9.5%	9.4%

Key assumptions used in the value in use calculations

SFRS(I) 1-36.134(d)(i)

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

SFRS(I) 1-36.134(d)(i) and (ii)

Gross margins – Gross margins are based on past performance and expectations of market developments.

Growth rates – The forecasted growth rates are based on published industry reports and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

SFRS(I) 1-36.134(d)(i), (ii) and (iv)

Pre-tax discount rates – The discount rates reflect specific risks relating to the relevant segments.

With regards to the assessment of value in use for the electronics and appliance CGU and health and beauty CGUs, the directors are of the view that reasonably possible changes in the above key assumptions will not cause the recoverable amounts of the CGUs to fall below the book values of the CGUs. The assessment of value in use for the construction CGU is discussed further in Note 16(b).

(b) Impairment losses recognised in the period

SFRS(I) 1-36.130

During the year, the Group recorded an impairment change of S$235,000 (2020: Nil) in relation to goodwill attributable to the construction CGU. The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections, budgeted gross margins, and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	2021	2020
Growth rates	0.5%	2%
Pre-tax discount rates	10%	9.5%
Gross Margin	8%	15%

The main factor contributing to the impairment of the cash-generating unit was a change during the year in building regulations, requiring registration and certification of builders for government contracts, which increased operating costs in the construction sector. No write-down of the carrying amounts of other assets in the cash-generating unit was necessary.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

16. Goodwill (cont'd)

(b) Impairment losses recognised in the period (cont'd)

SFRS(I) 1-36.126(a)

The impairment loss has been included in the 'other expenses' line item in the consolidated statement of comprehensive income.

If the management's estimated gross margin used in the value in use calculation for the construction CGU at 31 December 2021 is increased/(decreased) by 5%, goodwill impairment charge will be increased/(decreased) by S$100,000.

If the management's estimated pre-tax discount rate applied to the discounted cash flows for the construction CGU at 31 December 2021 is increased/(decreased) by 1%, the carrying amounts of goodwill impairment charge of this CGU will be increased/(decreased) by S$54,000 (2020: S$ Nil).

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

16. Goodwill (cont'd)

Guidance Notes

SFRS(I) 1-36.134(e)

Recoverable amount of cash-generating units ("CGU") containing goodwill or intangible assets with indefinite useful lives determined based on fair value less costs to sell

1) In this illustration, the recoverable amounts of such CGUs were determined based in value in use calculations. If an entity uses fair value less costs of disposal ("FVLCOD") to measure the recoverable amount of CGU, the entity should disclose the methodology used. If FVLCOD is not determined using an observable market price, the entity should disclose:

(i) each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.

(ii) a description of management's approach to determining the value (or values) assigned to each key assumption, whether those values reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.

(iiA) the level of the fair value hierarchy (see SFRS(I) 13) within which the fair value measurement is categorised in its entirety (without giving regard to the observability of 'costs of disposal').

(iiB) if there has been a change in valuation technique, the change and the reason(s) for making it.

If fair value less costs of disposal is measured using discounted cash flow projections, an entity shall disclose the following information:

(iii) the period over which management has projected cash flows.

(iv) the growth rate used to extrapolate cash flow projections.

(v) the discount rate(s) applied to the cash flow projections.

Illustrative Note disclosure for fair value less cost of disposal

Electronic products manufacturing and distribution

SFRS(I) 1-36.134(c)(e)

The recoverable amount of this CGU was based on the fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation techniques used.

SFRS(I) 1-36.134(e)(i)

The key assumptions used in the assumption of the recoverable amount are set out below. The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

SFRS(I) 1-36.134(e)
SFRS(I) 1-36.134(e)(v)
SFRS(I) 1-36.134(e)(iv)
SFRS(I) 1-36.134(e)(i)

In percent	**2021**	2020
Discount rate	**xx**	xx
Terminal value growth rate	**xx**	xx
Budgeted EBITDA growth rate	**xx**	xx

SFRS(I) 1-36.134(e)(ii)

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of x% at a market interest rate of x%.

16. Goodwill (cont'd)

Guidance Notes

Illustrative Note disclosure for fair value less cost of disposal (cont'd)

Electronic products manufacturing and distribution (cont'd)

SFRS(I) 1-36.134(e)(ii) to (iii)

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make.

SFRS(I) 1-36.134(e)(ii)

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows.

- Revenue growth was projected taking into account the management's best estimates of sales volume and price growth for the next five years taking into account the Group's historical performance and current economic conditions. It was assumed that sales price would increase in line with forecasted inflation over the next five years.
- Various scenarios have been developed and the EBITDA resulting from each scenario have been factored into management's final estimates on a probability-weighted basis, based on probabilities assigned to each scenario.
- The budgeted EBITDA takes into account the estimated costs of a restructuring that is anticipated in 2021.

SFRS(I) 1-36.134(f)

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately S$ XXX (2020: S$ XXX). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

		Change required for carrying amount to equal recoverable amount	
	In percent	**2021**	2020
SFRS(I) 1-36.134(f)(iii)	Discount rate	**xx**	xx
SFRS(I) 1-36.134(f)(iii)	Budgeted EBITDA growth rate	**(xx)**	(xx)

Notes: Provided specified criteria are met, if the most recent detailed calculation made in a preceding period of the recoverable amount of a CGU (group of units) is used in the impairment test for that unit (group of units) in the current period, the disclosures required in the financial statements by paragraphs 134 and 135 relate to the carried forward calculation of recoverable amount.

17. Other intangible assets

		Deferred development expenditure	Trademarks	Computer licenses	Total
		S$'000	S$'000	S$'000	S$'000
	Cost				
SFRS(I) 1-38.118(e)	Balance at 1 January 2020	2,860	9,816	2,820	15,496
	Additions - internally developed	250	-	-	250
	Balance at 31 December 2020	3,110	9,816	2,820	15,746
	Additions - internally developed	215	-	-	215
SFRS(I) 1-38.118(e)	Balance at 31 December 2021	3,325	9,816	2,820	15,961
	Accumulated amortisation				
SFRS(I) 1-38.118(e)	Balance at 1 January 2020	(716)	(1,515)	(929)	(3,160)
SFRS(I) 1-38.118(e)(vi)	Amortisation expense	(358)	(303)	(600)	(1,261)
	Balance at 31 December 2020	(1,074)	(1,818)	(1,529)	(4,421)
SFRS(I) 1-38.118(e)(vi)	Amortisation expense	(388)	(303)	(600)	(1,291)
SFRS(I) 1-38.118(e)	Balance at 31 December 2021	(1,462)	(2,121)	(2,129)	(5,712)
	As 31 December 2021	1,863	7,695	691	10,249
	As 31 December 2020	2,036	7,998	1,291	11,325

Deferred development expenditure relates to energy savings projects for the electronics and appliance segment and have an average remaining amortisation period of 4 years (2020: 5 years). Computer license has remaining amortisation period of 1.5 years (2020: 2.5 years).

SFRS(I) 1-38.122(b)

Trademarks relate to "excellence" and "superior" brand names for the Group's specialised electronics and appliance that were acquired in business combinations. The remaining useful life of these trademarks are 25 years (2020: 26 years).

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

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18. Investment in subsidiaries

		Company	
		2021	2020
		S$'000	S$'000
SFRS(I) 1-27.10(a)	Shares at cost	1,125,000	1,100,000
		(1,000,000)	(1,000,000)
		125,000	100,000

Composition of the Group

SFRS(I) 12.10(a)(i)
SFRS(I) 1-27.17(b)

Details of the Company's significant subsidiaries[1,9] are as follows:

Name	Principal activities	Principal place of business and operation[10]	Proportion of ownership interest[11] 2021	2020
A Limited[(a)]	Manufacture and sale of bags	Singapore	Nil	100%
B Electronics Limited[(a)]	Manufacture and sale of electronics and appliance	Singapore	90%	100%
C (Singapore) Pte Ltd[(a)]	Manufacture and sale of health and beauty goods	Singapore	45%	45%
D (Singapore) Pte Ltd[(a)]	Construction, manufacture and sale of cars	Singapore	100%	100%
E (PRC) Co. Ltd.[(b)]	Manufacture of health and beauty goods	People's Republic of China	70%	50%
F Electronics Limited[(c)]	Manufacture of electronics and appliance	Mauritius	100%	100%
G Sdn Bhd[(d)]	Manufacture and sale of electronics and appliance	Malaysia	80%	-
H Sdn Bhd[(d)]	Manufacture and sale of electronics and appliance	Malaysia	100%	-

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(a) Audited by Moore Stephens LLP, Singapore.[2,3]
(b) Audited by China Wall CPA Company Limited, People's Republic of China.[2,3]
(c) Not required to be audited under the laws of the country of incorporation.
(d) Audited by Moore Stephens LLP, Malaysia.[2,3]

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

18. Investment in subsidiaries (cont'd)

Interest in subsidiaries with material non-controlling interests

SFRS(I) 12.10(a)(ii)
SFRS(I) 12.12(a) to (f)
SFRS(I) 12.B11

The Group has the following subsidiaries that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests	
		2021 S$'000	2020 S$'000
C (Singapore) Pte Ltd	Singapore	55%	55%
E (PRC) Co. Ltd	People's Republic of China	30%	50%

SFRS(I) 12.10(a)(ii)
SFRS(I) 12.12(a) to (f)
SFRS(I) 12.B11

The Group has the following subsidiaries that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
C (Singapore) Pte Ltd	Singapore	1,219	1,052	10,119	8,900
E (PRC) Co. Ltd	People's Republic of China	922	1,614	7,854	8,776
Individually immaterial subsidiaries with non-controlling interests				5,480	2,329
				23,453	20,005

18. Investment in subsidiaries (cont'd)

SFRS(I) 12.12(g)
SFRS(I) 12.B10
SFRS(I) 12.B11

Summarised financial information[12] in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

C (Singapore) Pte Ltd	2021	2020
	S$'000	S$'000
Current assets	21,000	19,748
Non-current assets	6,100	5,284
Current liabilities	(4,100)	(4,354)
Non-current liabilities	(4,550)	(4,445)
Equity attributable to owners of the Company	8,331	7,333
Non-controlling interests	10,119	8,900

	2021	2020
	S$'000	S$'000
Revenue	3,445	3,890
Expenses	(1,228)	(1,977)
Profit for the year	2,217	1,913
Profit attributable to owners of the Company	998	861
Profit attributable to the non-controlling interests	1,219	1,052
Profit for the year	2,217	1,913
Total comprehensive income attributable to owners of the Company	998	861
Total comprehensive income attributable to the non-controlling interests	1,219	1,052
Total comprehensive income for the year	2,217	1,913
Net cash inflow from operating activities	2,899	1,745
Net cash (outflow)/inflow from investing activities	(150)	854
Net cash (outflow) from financing activities	(2,500)	(155)
Net cash inflow	249	2,444

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

18. Investment in subsidiaries (cont'd)

SFRS(I) 12.12(g)
SFRS(I) 12.B10
SFRS(I) 12.B11

Summarised financial information[12] in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

E (PRC) Co. Ltd

	2021	2020
	S$'000	S$'000
Current assets	26,782	30,500
Non-current assets	9,777	8,460
Current liabilities	(1,314)	(3,855)
Non-current liabilities	(4,888)	(5,976)
Equity attributable to owners of the Company	22,503	20,353
Non-controlling interests	7,854	8,776

	2021	2020
	S$'000	S$'000
Revenue	5,849	5,977
Expenses	(2,777)	(2,749)
Profit for the year	3,072	3,228
Profit attributable to owners of the Company	2,150	1,614
Profit attributable to the non-controlling interests	922	1,614
Profit for the year	3,072	3,228
Total comprehensive income attributable to owners of the Company	2,150	1,614
Total comprehensive income attributable to the non-controlling interests	922	1,614
Total comprehensive income for the year	3,072	3,228
Net cash inflow from operating activities	3,889	1,977
Net cash (outflow)/inflow from investing activities	(225)	1,050
Net cash (outflow) from financing activities	(3,788)	(285)
Net cash (outflow)/inflow	(124)	2,742

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

18. Investment in subsidiaries (cont'd)

SFRS(I) 12.9(b)

The Group owns 45% equity shares of C (Singapore) Pte Ltd. However, based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of C (Singapore) Pte Ltd. The relevant activities of C (Singapore) Pte Ltd are determined by the board of directors of C (Singapore) Pte Ltd based on simple majority votes. Therefore, the directors of the Group concluded that the Group has control over C (Singapore) Pte Ltd.

SFRS(I) 1-36.126(a)
SFRS(I) 1-36.130(a) to (c), (e), (g)
SFRS(I) 1-36.134(d)(iv)

During the last financial year, management performed an impairment test for the investment in D (Singapore) Pte Ltd, as this subsidiary had been persistently making losses. An impairment loss of S$ Nil (2020: S$1,000,000,000) was recognised for the year ended 31 December 2021 to write down this subsidiary to its recoverable amount. The recoverable amount of the investment in D (Singapore) Pte Ltd has been determined based on a value calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period are 10% (2020: 7.5%) per annum and 0.5% (2020: 2%) per annum, respectively.

SFRS(I) 3.B64(a) to (d)

(a) Acquisition of subsidiaries[4,5,7]

	Principal activity	Date of acquisition	Proportion of shares acquired	Consideration transferred
			(%)	S$'000
2021				
G Sdn Bhd	Manufacture and sale of electronics and appliance	15/07/21	80	505
H Sdn Bhd	Manufacture and sale of electronics and appliance	30/11/21	100	687
				1,192

The subsidiaries were acquired to expand the Group's electronics and appliance business.

The Group has elected to measure the non-controlling interest[8] at the non-controlling interest's proportionate share of the acquired subsidiaries' identifiable net assets.

SFRS(I) 3.B64(f)

Consideration transferred

	G Sdn Bhd	H Sdn Bhd
	S$'000	S$'000
Cash	430	287
Transfer of land and buildings at fair value at date of acquisition	-	400
Contingent consideration arrangement[6]	75	-
Total	505	687

SFRS(I) 1-7.40(a)

SFRS(I) 3.B64(g)

The contingent consideration requires the Group to pay the vendors an additional S$300,000 if G Sdn Bhd's profit before interest and tax ("PBIT"), in each of the years, exceeds S$500,000. G Sdn Bhd's PBIT for the past three years has been S$350,000 on average and the directors do not consider it probable that this payment will be required. S$75,000 represents the estimated fair value of this obligation.

The Group transferred property, plant and equipment with an aggregate fair value of S$400,000 as part of the purchase consideration for H Sdn Bhd.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

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18. Investment in subsidiaries (cont'd)

(a) Acquisition of subsidiaries (cont'd)

SFRS(I) 3.B64(m)

Acquisition-related costs amounting to S$145,000 (G Sdn Bhd: S$65,000; H Sdn Bhd: S$80,000) have been excluded from the consideration transferred and have been recognised as an expense in the period in the consolidated statement of comprehensive income.

SFRS(I) 3.B64(i)

Assets acquired and liabilities assumed at the date of acquisition

The fair value of the identifiable assets and liabilities of the acquired subsidiaries as at the acquisition date were:

SFRS(I) 1-7.40(d)

	G Sdn Bhd	H Sdn Bhd	Total
	S$'000	S$'000	S$'000
Cash and cash equivalents	200	-	200
Trade and other receivables	87	105	192
Inventories	-	57	57
Plant and equipment	143	369	512
Trade and other payables	(63)	(35)	(98)
Deferred tax liabilities	(17)	-	(17)
Total identifiable net assets at fair value	350	496	846
Consideration transferred	505	687	1,192
Plus: non-controlling interests (SFRS(I) 3.B64(o)(i))	132	-	132
Less: fair value of identifiable net assets acquired	(350)	(496)	(846)
Goodwill arising on acquisition (Note 16)	287	191	478

SFRS(I) 3.B67(a)

The initial accounting for the acquisition of G Sdn Bhd has only been provisionally determined at the end of the reporting period. At the date of finalisation of these financial statements, the necessary market valuations and other calculations have not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely fair values.

SFRS(I) 3.B64(h)

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of S$87,000 (G Sdn Bhd) and S$105,000 (H Sdn Bhd) had gross contractual amounts of S$104,000 and S$120,000 respectively. The best estimate at acquisition date of the contractual cash flows not expected to be collected are S$10,000 (G Sdn Bhd) and S$8,000 (H Sdn Bhd).

Goodwill arising on acquisition

SFRS(I) 3.B64(e)

Goodwill arose in the acquisition of G Sdn Bhd and H Sdn Bhd because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of G Sdn Bhd and H Sdn Bhd. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

SFRS(I) 3.B64(k)

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

18. Investment in subsidiaries (cont'd)

(a) Acquisition of subsidiaries (cont'd)

SFRS(I) 3.B64(o)

Non-controlling interests

During the year, the Group's subsidiary company, acquired an additional 20% equity interest in E (PRC) Co. Ltd. from its non-controlling interest for a cash consideration of S$943,000. The effect of the change in the Group's ownership interest in E (PRC) Co. Ltd. on the equity attributable to owners of the Company is summarised below:

SFRS(I) 12.18

	2021 S$'000
Consideration paid for acquisition of non-controlling interests	943
Decrease in equity attributable to non-controlling interests	(731)
Decrease in equity attributable to owners of the Company	212

Impact of acquisitions on the results of the Group

SFRS(I) 3.B64(q)(i)
SFRS(I) 3.61

Included in the profit for the year is S$35,000 attributable to the additional business generated by G Sdn Bhd, and S$13,000 attributable to H Sdn Bhd. Revenue for the period includes S$2.3 million in respect of G Sdn Bhd and S$2.8 million in respect of H Sdn Bhd.

SFRS(I) 3.B64(q)(ii)

Had these business combinations been effected at 1 January 2021, the revenue of the Group from continuing operations would have been S$145 million, and the profit for the year from continuing operations would have been S$19.7 million. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

18. Investment in subsidiaries (cont'd)

(b) Disposal of subsidiary

On 28 August 2021, the Group disposed of A Limited which carried out its entire bag manufacturing operations.

Consideration received

Reference		2021 S$'000
SFRS(I) 1-7.40(b)	Consideration received in cash and cash equivalents	7,854
SFRS(I) 1-7.43 SFRS(I) 1-7.44	Deferred sales proceeds not received as at year end (Note 24)	960
SFRS(I) 1-7.40(a)	Total consideration received	8,814

Analysis of asset and liabilities over which control was lost

Reference		2021 S$'000
SFRS(I) 1-7.40(d)	Cash and cash equivalents	288
	Trade receivables	1,034
	Inventories	2,716
	Property, plant and equipment	5,662
	Goodwill	3,080
	Payables	(5,315)
	Deferred tax liabilities	(471)
	Net assets disposed of	6,994

Gain on disposal of subsidiary

Reference		2021 S$'000
	Consideration received	8,814
	Net assets disposed of	(6,994)
	Cumulative exchange differences in respect of the net assets of the subsidiary and related hedging instruments reclassified from equity on loss of control of subsidiary	10
SFRS(I) 12.19	Gain on disposal of subsidiary	1,830

18. Investment in subsidiaries (cont'd)

(b) Disposal of subsidiary (cont'd)

SFRS(I) 12.18

The gain on disposal is included in the profit for the year from discontinued operations in the consolidated statement of comprehensive income (see Note 10 Discontinued operations).

The aggregate cash inflow arising from disposal of subsidiary

	2021
	S$'000
Consideration received in cash and cash equivalents	7,854
Less: cash and cash equivalent balances disposed of	(288)
	7,566

(c) Change in the Group's ownership interest in subsidiary

SFRS(I) 12.18

During the year, the Group disposed of 10% of its interest in B Electronics Limited, reducing its continuing interest to 90%. The proceeds on disposal of S$213,000 were received in cash.

An amount of S$179,000 (being the proportionate share of the carrying amount of the net assets of B Electronics Limited) has been transferred to non-controlling interests (see Note 30 Non-controlling interests). The difference of S$34,000 between the increase in non-controlling interests and the consideration received has been credited to retained earnings.

The following summarises the effect of the change in the Group's ownership interest in B Electronics Limited on the equity attributable to owners of the Company:

	2021
	S$'000
Proceeds from sale of 10% ownership interest	213
Net assets attributable to non-controlling interests	(179)
Increase in equity attributable to parent	34

(d) Significant restrictions

Cash and cash equivalents of S$200,000 held by E (PRC) Co Ltd in which the Group has a material non-controlling interest, are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends.

18. Investment in subsidiaries (cont'd)

Guidance Notes

Listing of companies in the Group

SGX 718

1) In the SGX-ST Listing Manual, a subsidiary or associate is considered significant if its net tangible assets represent 20% or more of the issuer's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the issuer's consolidated pre-tax profits. In the absence of a formal definition in SFRS(I), it is preferable to adopt this definition set out in the SGX-ST Listing Manual.

SGX 717

2) Companies listed on the Singapore Exchange are also required to disclose name(s) of auditing firm(s) of its significant subsidiaries and associates. It is a good practice for listed companies to inform the auditing firm(s) that their name(s) will be disclosed in the financial statements.

3) It shall be noted that under the SGX-ST Listing Manual, an issuer may appoint different auditors for its subsidiaries or significant associates provided that:

SGX 716

(i) the issuer's board and audit committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the issuer; or

(ii) the issuer's subsidiary or associate, is listed on a stock exchange.

Initial accounting for business combination incomplete

SFRS(I) 3.B67(a)

4) The following is the suggested illustrative disclosure for adjustments to initial accounting for a business combination that was determined provisionally in the previous reporting period:

"The purchase price allocation of the acquisition of Acquiree Group ("Acquiree") in the financial year ended 31 December 20X1 was provisional as the Group had sought an independent valuation for the land and buildings owned by Acquiree. The results of this valuation had not been received at the date the 20X1 financial statements were authorised for issue. The valuation of lands and buildings was received in April 20X2 and showed that the fair value at the date of the acquisition was S$ XXX, an increase of S$ XXX compared to the provisional value.

The 20X1 comparative information has been restated to reflect this adjustment. The value of lands and buildings increased by S$ XXX, there was an increase in the deferred tax liability of S$ XXX and an increase in non-controlling interest of S$ XXX. There was also a corresponding reduction in goodwill of S$ XXX, to give total goodwill arising on the acquisition of S$ XXX. The depreciation charge on the buildings from the acquisition date to 31 December 20X1 increased by S$ XXX."

Acquisition of individually immaterial business combination

SFRS(I) 3.B65

5) For individually immaterial business combinations occurring during the reporting period that are material collectively, an entity shall disclose in aggregate the information required by SFRS(I) 3.B64(e) to (q).

Contingent liability in business combination

6) The following is the illustrative Note disclosure where an entity recognised contingent liabilities in a Business Combination:

SFRS(I) 3.B64(j)
SFRS(I) 3.56

"A contingent liability with a fair value of S$ XXX has been recognised as at acquisition date. The contingent liability arose from [describe circumstances giving rise to liability]. The outcome of the contingency expected to be finalised in [expected dated]. As at the reporting date, the contingent liability has been remeasured to S$ XXX, which is based on the expected probable outcome."

18. Investment in subsidiaries (cont'd)

Guidance Notes

Bargain purchases

SFRS(I) 3.B64(n)

7) If an acquisition resulted in a bargain purchase instead of goodwill recognised, the acquirer shall disclose the amount of the gain recognised and the line item in the consolidated statement of comprehensive income in which the gain is recognised, and a description of the reasons why the transaction resulted in a gain.

Non-controlling interest

8) In this illustration, the Group has elected to measure non-controlling interest arising from acquisition of subsidiaries at the non-controlling interest's proportionate share of acquired subsidiaries' identifiable net assets. The following is an illustrative disclosure when an entity chooses to measure non-controlling interest arising in a business combination at fair value:

"Fair value of non-controlling interest in acquiree

SFRS(I) 3.B64(o)(ii)

The fair value of the non-controlling interest in acquiree, an unlisted company, was estimated by applying a valuation methodology based on the income approach and corroborated by a separate valuation methodology based on the market approach. The significant fair value estimates are:

- *Discount rates ranging from XX% to XX%;*
- *Long-term sustainable growth rates ranging from XX% to XX%; and*
- *Adjustments for lack of control and marketability that market participants would consider when estimating the fair value of the non-controlling interest in acquiree."*

SFRS(I) 12.B2

9) An entity shall decide, in the light of its circumstances, how much detail it provides to satisfy the information needs of users, how much emphasis it places on different aspects of the requirements and how it aggregates the information. It is necessary to strike a balance between burdening financial statements with excessive detail that may not assist users of financial statements and obscuring information as a result of too much aggregation.

SFRS(I) 12.12(b)
SFRS(I) 1-27.17(b)(ii)

10) An entity shall disclose the country of incorporation if different from the principal place of business of the subsidiary.

SFRS(I) 12.12(d)
SFRS(I) 1-27.17(b)(iii)

11) An entity shall disclose the proportionate of voting rights if different from the proportion of ownership interests held.

SFRS(I) 12.B11

12) The summarised financial position presented shall be the amounts before the inter-company eliminations.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

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19. Investment in associates[1,2,3,4]

SFRS(I) 12.21(a)(i) The Group's material investment in associates is summarised below:

Name of associate	Principal activity	Place of incorporation and operation	Proportion (%) of ownership Interest	
			2021	2020
AA Limited (i)	General trading	Singapore	35	35
BB Co. Ltd (ii)	Electronics manufacturing	People's Republic of China	17	17

(i) AA Limited is audited by Moore Stephens LLP, Singapore.

SFRS(I) 13.97
SFRS(I) 12.21(b)(iii)

The fair value of the Group's interest in AA Limited, which is listed on the Stock Exchange of Singapore, is S$2.2 million (2020: S$2 million). The fair value measurement is classified within Level 1 of the fair value hierarchy.

SFRS(I) 12.9(e)

(ii) Although the Group holds less than 20% of the equity shares of BB Co. Ltd, and it has less than 20% of the voting power in shareholder meetings, the Group exercises significant influence by virtue of its contractual right to appoint two directors to the board of directors of that Company. BB Co., Ltd is audited by a member firm of the Moore Stephens network in China.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

19. Investment in associates[1,2,3,4] (cont'd)

SFRS(I) 12.21(b)(ii)
SFRS(I) 12.B12
SFRS(I) 12.B14(a)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I)s adjusted by the Group for equity accounting purposes.

AA Limited	2021	2020
	S$'000	S$'000
Current assets	9,500	9,230
Non-current assets	4,800	3,345
Current liabilities	(3,482)	(2,789)
Non-current liabilities	(3,978)	(4,337)

SFRS(I) 12.B14(b)

Reconciliation of the above summarised financial information to the carrying amount of the interest in AA Limited recognised in the consolidated financial statements: Reconciliation of the above summarised financial information to the carrying amount of the interest in AA Limited recognised in the consolidated financial statements:

Net assets of the associate	6,840	5,449
Proportion of the Group's ownership in AA Limited	35%	35%
Carrying amount of the Group's interest AA Limited	2,394	1,907

	2021	2020
	S$'000	S$'000
Revenue	2,900	2,448
Profit or loss from continuing operations	1,391	1,002
Profit/(loss) for the year	1,391	1,002
Total comprehensive income for the year	1,391	1,002
Dividends received from the associate during the year	30	25

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

19. Investment in associates[1,2,3,4] (cont'd)

SFRS(I) 12.21(b)(ii)
SFRS(I) 12.B12
SFRS(I) 12.B14(a)

BB Co. Ltd	2021	2020
	S$'000	S$'000
Current assets	14,079	12,448
Non-current assets	16,350	16,225
Current liabilities	(14,882)	(13,187)
Non-current liabilities	(5,107)	(8,098)

SFRS(I) 12.B14(b)

Reconciliation of the above summarised financial information to the carrying amount of the interest in AA Limited recognised in the consolidated financial statements:

Net assets of the associate	10,440	7,388
Proportion of the Group's ownership in AA Limited	17%	17%
Carrying amount of the Group's interest AA Limited	1,775	1,256

	2021	2020
	S$'000	S$'000
Revenue	5,200	6,500
Profit or loss from continuing operations	3,052	5,194
Profit (loss) for the year	3,052	5,194
Total comprehensive income for the year	3,052	5,194

SFRS(I) 12.21(c)(ii)
SFRS(I) 12.B16

Aggregate information of associates that are not individually material

	2021	2020
	S$'000	S$'000
The Group's share of profit (loss) from continuing operations	180	355
The Group's share of total comprehensive income	180	355

	2021	2020
	S$'000	S$'000
Aggregate carrying amount of the Group's interests in these associates	1,031	677

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

19. Investment in associates[1,2,3,4] (cont'd)

Guidance Notes

Illustrative Note disclosure where the significant restrictions on associate apply

SFRS(I) 12.22(a)

1) An entity shall also disclose the nature and extent of any significant restrictions (e.g., resulting from borrowing arrangements, regulatory requirements or contractual arrangements on the ability of joint ventures or associates to transfer funds to the entity in the form of cash dividends, or to repay loans and advances.

Illustrative Note disclosure where the significant restrictions on associate apply:

"The Group's associated companies in certain countries are subject to foreign exchange controls such that payment of dividends declared or principal repayment in respect of foreign currency denominated obligations are subject to the approval of the relevant government authorities."

SFRS(I) 12.22(c)

Unrecognised share of losses of an associate

2) The following is the suggested Note disclosure where the entity has unrecognised share of losses of an associate if the investor has discontinued recognition of its share of losses of an associate:

"The Group has not recognised its share of losses of an associate amounting to S$ XXX (20X2: S$ XXX) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to S$ XXX (20X2: S$ XXX) at the reporting date."

19. Investment in associates[1,2,3,4,5] (cont'd)

Guidance Notes

Illustrative Note disclosure upon loss of significant influence in an associate

3) *"Change in the Group's ownership interest in an associate*

SFRS(I) 1-28.22

In the prior year, the Group held a 40% interest in xx Pte Ltd and accounted for the investment as an associate. In December 20X1, the Group transferred a 30% interest in xx Pte Ltd to a third party for proceeds of S$ XXX (received in January 2021). The Group has retained the remaining 10% interest as an investment whose fair value at the date of disposal was S$ XXX.

	Group
	20X1
Proceeds of disposal	*S$ XXX*
Plus: fair value of investment retained (10%)	*S$ XXX*
Less: carrying amount of investment on the date of loss of significant influence	*S$ XXX*
Gain/loss recognised on disposal of interest in a former associate in profit or loss	*S$ XXX*

Sale proceeds of S$ XXX have not been received in cash at the end of the reporting period."

Reporting dates of financial statements of associates

SFRS(I) 12.22(b)
SFRS(I) 1-28.34

4) The reporting date of the financial statements of an associate should be disclosed, when such financial statements are used in applying the equity method and are as of a reporting date or for a period that is different from that of the investor, as well as the reason for using a different reporting date of different period.

SFRS(I) 1-28 *Investments in Associates and Joint Ventures* allows a difference between the end of reporting period of the associates and that of investor however it shall be no more than 3 months.

The following is the suggested illustrative Note disclosure where the reporting date of financial statements of an associate is different from that of the investor:

"For the current financial year, the Group recognised its share of the associate's operating results based on its audited financial statements drawn up to the most recent reporting date, which is 30 November 2021. The associate, being listed on the SGX-ST, is unable to release information other than those publicly published."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

20. Investment in Joint venture

Joint venture

SFRS(I) 12.21(a)

Details of the Group's material joint venture at[1] the end of the reporting period are as follows:

Name of joint venture	Principal activity	Place of incorporation and operation	Proportion (%) of ownership Interest held by the Group	
			2021	2020
MS Electronics Co. Limited	Manufacture of electronics and appliance	People's Republic of China	33.5	33.5

SFRS(I) 12.21(b)(i)

The above joint venture is accounted for using the equity method in these consolidated financial statements.

SFRS(I) 12.B14

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with SFRS(I)s.

SFRS(I) 12.21(b)(ii)
SFRS(I) 12.B12
SFRS(I) 12.B14(a)

MS Electronics Co. Limited

Summarised statement of financial position

	2021	2020
	S$'000	S$'000
Cash and cash equivalents	1,500	1,450
Trade receivables	3,282	4,539
Non-current assets	11,056	10,100
Total assets	15,838	16,089
Current financial liabilities	(3,413)	(2,835)
Non-current financial liabilities	(5,852)	(7,523)
Total liabilities	(9,265)	(10,358)
Net assets	6,573	5,731

SFRS(I) 12.B14(b)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2021	2020
Net assets	6,573	5,731
Proportion of the Group's ownership interest in the joint venture	33.5%	33.5%
Carrying amount of the Group's interest in the joint venture	2,202	1,920

20. Investment in Joint venture (cont'd)

SFRS(I) 12.21(b)(ii)
SFRS(I) 12.B12
SFRS(I) 12.B14(a)

MS Electronics Co. Limited

Summarised statement of comprehensive income

	2021	2020
	S$'000	S$'000
Revenue	2,124	2,005
Operating expenses	(1,258)	(1,728)
Interest expense	(24)	(35)
Profit before tax	842	242
Income tax expense	-	-
Profit after tax	842	242
Other comprehensive income	-	-
Total comprehensive income	842	242

SFRS(I) 12.B13

The above profit (loss) for the year includes the following:

	2021	2020
Depreciation and amortisation	(75)	(56)
Interest expense	(24)	(35)

Significant restriction

SFRS(I) 12.22(a)

MS Electronics Co. Ltd is incorporated and operates in People's Republic of China (PRC). As a result of remittance controls in PRC, there are specific restrictions on the amount and timing of cash dividends that MS Electronics Co. Ltd is able to remit out of PRC to the Group.

Guidance Notes

1) In this illustration, the Group does not have joint operation. The following disclosure is required for a material joint operation:

SFRS(I) 12.21(a)

"The Group has a material joint operation, Project xx. The Group has a xx% share in the ownership of a property located in Central District, PRC. The property upon completion will be held for leasing purposes. The Group is entitled to a proportionate share of the rental income received and bears a proportionate share of the joint operation's expenses."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

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SFRS(I) 7.7

21. Other financial assets

		Group	
		2021	2020
		S$'000	S$'000
SFRS(I) 7.8(a)	***Equity investments mandatorily measured at fair value through profit or loss***		
	Listed equity securities	543	1,250
SFRS(I) 7.8(f)	***Debt investment measured at amortised cost[1]***		
	1.2% SGD government bond (a)	5,500	3,450
SFRS(I) 7.8(h)	***Equity investments measured at fair value through other comprehensive income[2]***		
	Listed equity securities (Singapore)(b)	4,204	3,105
	Unquoted equity security (b)	4,752	4,752
		14,999	12,557
	Current	8,996	4,700
	Non-current	6,003	7,857
		14,999	12,557

(a) The SGD government bond bears interest of 1.2% per annum payable every six months, and mature in October 2021.

SFRS(I) 7.35G
SFRS(I) 7.35H
SFRS(I) 7.35M
SFRS(I) 7.35G(c)

As at 31 December 2021, the investment in SGD government bond is considered to have low credit risk as the issuer has a Standard & Poor credit rating of AAA. Accordingly, for the purpose of impairment assessment for this debt instrument, the loss allowance is measured at an amount equal to 12-month expected credit losses. There was no impairment loss[4] in relation to the debt instrument. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for this financial asset.

SFRS(I) 7.7

21. Other financial assets (cont'd)

SFRS(I) 12.9(d)

(b) Listed equity securities include 20% equity interest in Freeflow Limited, a company involved in the refining and distribution of oil products. The directors of the Group do not consider that the Group is able to exert significant influence over Freeflow Limited as the other 80% of the ordinary share capital is controlled by one shareholder, who also manages the day-to-day operations of that Company.

SFRS(I) 7.11A(b)
SFRS(I) 7.42J(a)

The investment in an unquoted equity security represents a 10% equity interest in Solutions Pte Ltd, a company that is engaged in research and development activities. This investment has been classified as equity investment at FVOCI[5], which the Group considers to be reflective of the Group's investment policy to hold it for long-term strategic benefits instead of short-term fair value gains.

SFRS(I) 7.11B

The Group has not disposed[3] its investment in equity investments measured at FVOCI during the current reporting period.

Information about the Group's and Company's exposure to credit and market risks is included in Note 38 and fair value measurement is included in Note 42.

Guidance Notes

Investments pledged as security

SFRS(I) 7.14

1) In this illustration, none of the financial assets are pledged as collateral for liabilities or contingent liabilities. The following disclosure should be considered for financial asset that are pledged:

"The Group's investment in government bonds amounting to S$ XXX (2020: S$ XXX) has been pledged as security for a bank loan (Note X to the financial statements). Under the terms and conditions of the loan, the Group is prohibited from disposing of this investment or subjecting it to further charges without furnishing a replacement security of similar value."

SFRS(I) 7.11A

Equity investments designated as at Fair Value through Other Comprehensive Income (FVOCI)

2) If an entity has designated equity investment as at FVOCI, it discloses:

a. which investments in equity instruments have been designated to be measured at fair value through other comprehensive income.
b. the reasons for using this presentation alternative.
c. the fair value of each such investment at the end of the reporting period.
d. dividends recognised during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period.
e. any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers.

SFRS(I) 7.7

21. Other financial assets (cont'd)

Guidance Notes

Disposal of equity investment designated at FVOCI

SFRS(I) 7.11B

3) If an entity derecognised an equity investment measured at FVOCI during the financial year, it discloses:
- the reasons for disposing of the investments;
- the fair value of the investments at the date of derecognition; and
- the cumulative gain or loss on disposal.

Illustrative wordings are provided as below:

"During the financial year ended 31 December 2021, the Group disposed listed equity securities as the underlying investment was no longer aligned with the Group's long-term investment strategy. These investments had a fair value of $xxx at the date of disposal, and the cumulative gain on disposal amounted to $xxx, net of tax. The cumulative gain on disposal was reclassified from fair value adjustments reserve to retained earnings."

Impairment recognised for financial instruments measured at amortised cost

4) If the Group recognised impairment gain or loss on financial instruments measured at amortised cost, the following illustrative format should be disclosed as follow:

SFRS(I) 9.5.5.2
SFRS(I) 7.35H

The movement in 12-month ECL that has been recognised for the debt instrument at amortised costs in accordance with the SFRS(I) 9 is presented as below:

SFRS(I) 7.35B(b)
SFRS(I) 7.35I

	Group
	S$'000
At 1 January 2021	*XXX*
Net increase in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement	*XXX*
Changes in credit risk parameters	*XXX*
At 31 December 2021	*XXX*

Impairment assessment on investments in equity instruments under SFRS(I) 9

SFRS(I) 9

5) Investments in equity instruments are not subject to impairment assessment, because these investments are now only measured at FVPL or FVOCI without recycling of fair value changes to profit or loss.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

SFRS(I) 1-1.77
SFRS(I) 7.6, 7.7

22. Derivatives

	Group	
	2021	2020
	S$'000	S$'000
Derivatives financial instruments		
Cash flow hedges		
Interest rate swaps (Note 38(f))	280	174
Foreign currency forward contracts (SFRS(I) 7.8(a))	240	226
	520	400
Non-Current	312	263
Current	208	137
	520	400

Currency forwards are transacted to hedge certain currency exposures of the Group. Please refer to Note 38(e) for details.

23. Inventories

		Group	
		2021	2020
		S$'000	S$'000
SFRS(I) 1-2.37	Raw materials, at cost	10,713	10,322
SFRS(I) 1-2.37	Work in progress, at cost	4,490	4,354
SFRS(I) 1-2.37	Finished trading goods, at cost or net realisable value	15,491	14,306
		30,694	28,982

SFRS(I) 1-2.36(d)
SFRS(I) 1-2.38

The cost of inventories recognised as an expense and included in "cost of sales" in respect of continuing operations amounted to S$87,897,000 (2020: S$91,840,000).

SFRS(I) 1-2.36(f)
SFRS(I) 1-2.36(g)

The cost of inventories recognised as an expense includes S$2,340,000 (2020: S$1,860,000) in respect of write-downs of inventory to net realisable value, and is net of inventory write-backs of S$500,000 (2020: S$400,000). Certain inventories previously written down have been written back when they were successfully sold at prices above their carrying amounts.

Guidance Notes

SFRS(I) 1-2.36(h)

1) If an entity has pledged its inventory as security for its banking facilities, the following should be disclosed:

   "Inventories of S$ XXX (20X1: S$ XXX) of the Group and S$ XXX (20X1: S$ XXX) of the Company have been pledged as security for bank overdrafts of the Group and the Company (Note X to the financial statements)".

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

24. Trade and other receivables

		Group		Company	
		2021	2020	2021	2020
		S$'000	S$'000	S$'000	S$'000
	Trade receivables[2]	18,044	16,934	13,952	12,003
SFRS(I) 1-1.77	Loss allowance	(852)	(892)	(100)	-
		17,192	16,042	13,852	12,003
	Other receivables				
	Deferred sale proceeds from bag operations (Note 18(b))	960	-	-	-
SFRS(I) 1-24.18(b)	Loan to related parties	5,144	3,647	-	-
SFRS(I) 1-24.18(b)	Loan to an associate	59	25		
	Government grant receivables	110	-	50	-
		23,465	19,714	13,902	12,003

SFRS(I) 9.5.1.3
SFRS(I) 9.4.1.2
SFRS(I) 9.5.4.1

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are non-interest bearing and generally due for settlement within 60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

SFRS(I) 1-24.18(b), (c)

The loan to an associate is unsecured and bears interest of 1.5% and will be repayable in full on 31 December 2021. The loan to related parties is unsecured, interest-free and repayable on demand.

SFRS(I) 7.35G SFRS(I) 7.35H SFRS(I) 7.35M
SFRS(I) 7.35G(c)

The Group has assessed that the deferred sale proceeds and other receivables have low credit risk at the reporting date and there has been no significant increase in the risk of default since initial recognition. Accordingly, the loss allowance is measured at an amount equal to 12-month ECL. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for deferred sale proceeds and other receivables.

SFRS(I) 7.35G
SFRS(I) 7.35F(e)
SFRS(I) 7.35L

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The government grant receivables relate to cash grants in relation to the gross monthly wages of eligible workers under the Job Support Scheme (JSS) as introduced by the Singapore government during the financial year. The JSS is a wage subsidy programme aimed to help companies retain and pay their workers as businesses take a hit from the COVID-19 pandemic.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

24. Trade and other receivables (cont'd)

SFRS(I) 7.35M
SFRS(I) 7.35N
SFRS(I) 7.B8I
SFRS(I) 9.B5.5.35

The Group's and Company's credit risk exposure[3] in relation to trade receivables from contracts with customers under SFRS(I) 9 are set out in the provision matrix as presented below. The group's provision for loss allowance is based on past due as the group's historical credit loss experience does not show significantly different loss patterns for different customer segments[4].

		Trade receivables past due (days)					
	Current	< 30 days	30 to 60 days	60 to 90 days	90 to 180 days	> 180 days	Total
31 December 2021	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group							
Expected credit loss rate	0.5%	2%	5%	15%	20%	100%	
Trade receivables – gross carrying amount at default	11,354	3,555	552	1,900	338	345	18,044
Loss allowance – lifetime ECL	(56)	(71)	(27)	(285)	(68)	(345)	(852)
							17,192

		Trade receivables past due (days)					
	Current	< 30 days	30 to 60 days	60 to 90 days	90 to 180 days	> 180 days	Total
31 December 2020	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group							
Expected credit loss rate	1%	2.5%	6%	16%	21%	100%	
Trade receivables – gross carrying amount at default	12,319	2,050	350	1,545	280	390	16,934
Loss allowance – lifetime ECL	(124)	(52)	(21)	(247)	(58)	(390)	(892)
							16,042

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

24. Trade and other receivables (cont'd)

SFRS(I) 7.35M
SFRS(I) 7.35N
SFRS(I) 7.B8I
SFRS(I) 9.B5.5.35

		Trade receivables past due (days)					
	Current	< 30 days	30 to 60 days	60 to 90 days	90 to 180 days	> 180 days	Total
31 December 2021	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Company							
Expected credit loss rate	0.5%	2%	5%	15%	20%	100%	
Trade receivables – gross carrying amount at default	11,951	2,001	-	-	-	-	13,952
Loss allowance – lifetime ECL	(60)	(40)	-	-	-	-	(100)
							13,852

		Trade receivables past due (days)					
	Current	< 30 days	30 to 60 days	60 to 90 days	90 to 180 days	> 180 days	Total
31 December 2020	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Company							
Expected credit loss rate	0.25%	1.5%	5%	15%	20%	100%	
Trade receivables – gross carrying amount at default	10,503	1,500	-	-	-	-	12,003
Loss allowance – lifetime ECL	(*)	(*)	-	-	-	-	(*)
							12,003

* Amounts immaterial.

24. Trade and other receivables (cont'd)

SFRS(I) 9.5.5.2
SFRS(I) 7.35H

The movements[5] in credit loss allowance for impairment of trade receivables during the year are as follows

		Group	
		Lifetime ECL 2021 S$'000	Lifetime ECL 2020 S$'000
	At 1 January	892	682
	Impairment loss recognised profit or loss during the year		
	- Assets acquired/originated	63	430
SFRS(I) 7.35I(a)	- Reversal of unutilised amounts	(103)	(220)
	- Changes in credit risk	-	-
		(40)	210
	Receivables written off as uncollectible[6]	-	-
SFRS(I) 7.35I(c)	As 31 December	852	892

		Company	
		Lifetime ECL 2021 S$'000	Lifetime ECL 2020 S$'000
	At 1 January	-	-
	Impairment loss recognised profit or loss during the year		
	- Assets acquired/originated	100	-
SFRS(I) 7.35I(a)	- Reversal of unutilised amounts	-	-
	- Changes in credit risk	-	-
		100	-
	Receivables written off as uncollectible[6]	-	-
SFRS(I) 7.35I(c)	As 31 December	100	-

24. Trade and other receivables (cont'd)

Receivables subject to an enforceable master netting arrangement

SFRS(I) 7.13E

The Group has arrangements with certain counterparties whereby the Group both purchases electronic raw materials from and sells electronic equipment to the same counterparty. Some of these arrangements require both parties to settle the net amount due to or from each other on a monthly basis. For such arrangements, the receivables and payables from each counterparty are presented on a net basis. Other arrangements do not permit the Group or the counterparty to settle the amount due to or from each other on a net basis, however a master netting arrangement provides both parties with the right to set-off in the case of default, insolvency or bankruptcy of the other party. For such arrangements, the related receivables and payables are not set off in the statement of financial position.

SFRS(I) 7.13C, B46

	Related amounts set off in the statement of financial position		Net amounts - financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		
	Gross amounts – financial assets	Gross amounts – financial liabilities		Financial assets/ (liabilities)	Cash collateral received	Net amount
	(a)	*(b)*	*(c) = (a)-(b)*	*(di)*	*(dii)*	*e = (c)+(d)*
Financial Assets	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 31 December 2021						
Trade receivables	4,500	(3,300)	1,200	-	-	1,200
At 31 December 2020						
Trade receivables	3,800	(2,500)	1,300	-	-	1,300

	Related amounts set off in the statement of financial position			Related amounts not set off in the statement of financial position		
	Gross amounts – financial liabilities	Gross amounts – financial assets		Financial assets/ (liabilities)	Cash collateral pledged	Net amount
	(a)	*(b)*	*(c) = (a)-(b)*	*(di)*	*(dii)*	*e = (c)+(d)*
Financial Liabilities	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 31 December 2021						
Trade payables	3,300	(3,300)	-	-	-	-
At 31 December 2020						
Trade payables	2,500	(2,500)	-	-	-	-

24. Trade and other receivables (cont'd)

Guidance Notes

Collateral and other credit enhancements obtained

SFRS(I) 7.36(b)

1) SFRS(I) 7 requires an entity to disclose the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (i.e., a quantification of the extent to which collateral and other credit enhancement mitigate the credit risk). This disclosure is in addition to the existing requirement to describe the existence and nature of such collateral.

SFRS(I) 7.38

When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements, and such assets meet the recognition criteria in other Standards, the following disclosure can be considered:

i. the nature and carrying amount of the assets; and

ii. when the assets are not readily convertible to cash, its policies for disposing of such assets or for using them in its operations.

Illustrative disclosure:
"During the financial year, the Group obtained assets by taking possession of collateral held as security as follows:

Nature of assets	*Carrying amount*
Inventories	*S$ XXX*
Property, plant and equipment	*S$ XXX*

Repossessed items are sold as soon as practicable, with the proceeds used to reduce outstanding receivables. They are presented within "other current assets" on the statements of financial position".

Transfers of financial assets

2) SFRS(I) 7 requires disclosure for transactions involving transfers of financial assets, where an asset is transferred but is not derecognised or where an asset is derecognised but the entity continues to have a continuing involvement to the asset after the sale.

SFRS(I) 7.B30A

The above disclosures may be required even if the continuing involvement arises only because of servicing contracts (e.g., the Company continues to act as intermediary between factoring bank and debtor customers). Specifically, if the servicing contracts give the entity an interest in the future performance of the transferred asset, such disclosures will be required.

Illustrative disclosure for a transferred asset but is not derecognised - factored receivables (with recourse)

SFRS(I) 7.42D(a)-(c).(e)
SFRS(I) 9.B4.1.3

"During the period, the Group has transferred $ XXX (20X1: $ XXX) of trade receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. As part of the transfer, the Group has retained late payment and credit risks over those receivables. Accordingly, the group continues to recognise the full carrying amount of the transferred receivables and has recognised the cash received on the transfer as a secured borrowing (Note X). At the end of the reporting period, the carrying amount of the transferred short-term receivables is $ XXX. The carrying amount of the associated liability is $ XXX. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortised cost. The fair values of the transferred receivables and the associated liabilities as at 31 December 20X2 are as follows:

	20X2 *S$'000*	*20X1* *S$'000*
Transferred trade receivables – at fair value	*xxx*	*xxx*
Secured borrowings (Note X) – at fair value	*(xxx)*	*(xxx)*
Net position	*xxx*	*xxx*

24. Trade and other receivables (cont'd)

Guidance Notes

Credit risk exposure

SFRS(I) 7.35M
SFRS(I) 7.B8I

3) The number of credit risk rating grades used to disclose the information in accordance with paragraph 35M shall be consistent with the number that the entity reports to key management personnel for credit risk management purposes. If past due information is the only borrower-specific information available and an entity uses past due information to assess whether credit risk has increased significantly since initial recognition in accordance with paragraph 5.5.11 of SFRS(I) 9, an entity shall provide an analysis by past due status for those financial assets.

Segregation by customer base

SFRS(I) 9.B5.5.35

4) A provision matrix might, for example, specify fixed provision rates depending on the number of days that a trade receivable is past due (for example, 1 per cent if not past due, 2 per cent if less than 30 days past due, 3 per cent if more than 30 days but less than 90 days past due, 20 per cent if 90–180 days past due etc.). Depending on the diversity of its customer base, the entity would use appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. Examples of criteria that might be used to group assets include geographical region, product type, customer rating, collateral or trade credit insurance and type of customer (such as wholesale or retail).

Reconciliation of impairment allowances

5) The entity will need to provide the details of movements in the SFRS(I) 9 loan loss allowance required by paragraphs 35H-35L of SFRS(I) 7. In addition, SFRS(I) 7.35H requires an entity to disclose the reasons for the changes in the impairment allowance during the period. It may be necessary to provide an analysis of the reasons for changes in the loss allowance during the period, including:

SFRS(I) 7.35H-35L

(a) the portfolio composition;
(b) the volume of financial instruments purchased or originated; and
(c) the severity of the expected credit losses.

SFRS(I) 7.35L

6) An entity shall disclose the contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity. In this illustration, a trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities. If a receivable was written off as uncollectible and is still subject to enforcement activities, the following illustrative wording may be considered:

"Trade receivables with a contractual amount of S$XXX written off during 2021 are still subject to enforcement activity."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

25. Finance lease receivables

	Group	
	2021	2020
	S$'000	S$'000
Current finance lease receivables	208	198
Non-current finance lease receivables	820	707
	1,028	905

SFRS(I) 16.92(a)

The Group enters into finance leasing arrangements which is denominated in S$ for its electronic equipment. The average term of finance leases entered into is 5 years. Generally, these lease contracts do not include extension or early termination options. Residual value risk on the lease is not significant, because of the existence of a secondary market with respect to the electronic equipment. The lease arrangements do not include variable payments.

SFRS(I) 16.94

	Group	
	2021	2020
	S$'000	S$'000
- Not later than one year	271	237
- One to two years	271	237
- Two to three years	271	237
- Three to four years	271	237
- Four to five years	270	240
Total undiscounted lease payments	1,356	1,188
Less unearned finance income	(328)	(283)
Net investment in finance lease	1,028	905

SFRS(I) 16.93

There have not been any significant changes in the carrying amount of the net investment in finance leases

Unguaranteed residual values of assets leased under finance leases at the reporting date are estimated at S$35,000 (2020: S$40,000).

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted is approximately 9% (2020: 10%) per annum.

SFRS(I) 7.15

Finance lease receivable balances are secured over the electronic equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

SFRS(I) 7.34(a)

The loss allowance on finance lease receivables as at the reporting period is estimated at an amount equal to lifetime expected credit losses. As at 31 December 2021, none of the finance lease receivables is past due or credit-impaired, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collaterals held over these finance lease receivables, the group considers that the expected credit loss allowances on its finance lease receivables are not significant.

SFRS(I) 7.35G(c)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

26. Cash and cash equivalents[2]

		Group		Company	
		2021	2020	2021	2020
		S$'000	S$'000	S$'000	S$'000
	Cash on hand	580	450	430	300
SFRS(I) 1-7.45	Cash at bank	3,612	14,550	8,097	8,612
	Short-term bank deposit[1]	3,429	4,778	-	-
		7,621	19,778	8,527	8,912

For the purposes of the consolidated cash flow statement/statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

	Group	
	2021	2020
	S$'000	S$'000
Cash and short-term bank deposit	7,621	19,778
Bank overdraft (Note 31)	(538)	(378)
	7,083	19,400
Cash and bank balances included in a disposal group held for sale (Note 11)	175	-
	7,258	19,400

Guidance Notes

Cash equivalents for the purpose of presenting statement of cash flows/cash flow statements

SFRS(I) 1-7.7

1) Under SFRS(I) 1-7, cash equivalents are defined as "short-term highly liquid investments that are readily convertible to a known amount of cash and which are subject to an **insignificant risk of changes in value**. An investment normally qualifies as a cash equivalent when it has a short maturity of, say, **three months or less from the date of acquisition**.

Cash not available for use

SFRS(I) 1-7.49

2) There may be circumstances in which cash and bank balances held by an entity are not subject to restrictions. An example is when a subsidiary that operates in a country where exchange controls or other legal restrictions apply. When this occurs, the following disclosure can be considered:

SFRS(I) 1-7.48

"Included in cash and cash equivalents are bank deposits amounting to S$ XXX (20X1: S$ XXX) which are not freely remissible for use by the Group because of currency exchange restrictions."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

27. Issued capital

		Group and Company			
		2021	2020	2021	2020
				S$'000	S$'000
SFRS(I) 1-1.79	**Fully paid ordinary shares**				
SFRS(I) 1-1.79(iv)	Balance at beginning of year	23,730	23,730	48,672	48,672
	Issue of shares under employee share option plan (Note 39)	314	-	314	-
	Issue of shares	108	-	108	-
	Share buy-back	(6,752)	-	(16,697)	-
	Share buy-back costs	-	-	(277)	-
	Income tax relating to share buy-back costs	-	-	84	-
	Share issue costs	-	-	(6)	-
	Balance at end of year	17,400	23,730	32,198	48,672

SFRS(I) 1-1.79(a)(v)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

The shares bought back in the current year were purchased out of capital and cancelled immediately.

SFRS(I) 1-1.106(d)

28. Reserves

	Group	
	2021	2020
	S$'000	S$'000
General	807	807
Revaluation of property, plant and equipment	1,198	1,201
Fair value adjustment	672	606
Equity-settled employee benefits	230	338
Cash flow hedge	317	278
Foreign currency translation	122	85
Option premium on convertible bond	592	-
	3,938	3,315

(a) General reserve

The general reserve comprises of amounts transferred from retained earnings.

SFRS(I) 1-1.91

(b) Revaluation reserve

	Group	
	2021	2020
	S$'000	S$'000
Balance at beginning of year	1,201	51
SFRS(I) 1-16.77(f) Increase arising on revaluation of properties	-	1,643
SFRS(I) 1-1.90 Deferred tax liability arising on revaluation	-	(493)
Transferred to retained earnings	(3)	-
Balance at end of year	1,198	1,201

The revaluation reserve arises on the revaluation of land and buildings.

(c) Fair value adjustment

	Group	
	2021	2020
	S$'000	S$'000
Balance at beginning of year	606	549
SFRS(I) 7.20(a)(vii) Net gain arising on revaluation of FVOCI	94	81
SFRS(I) 1-1.90 Income tax relating to gain arising on revaluation of FVOCI	(28)	(24)
	672	606

SFRS(I) 1-1.79(b)
SFRS(I) 1-1.82A

The fair value adjustment represents cumulative gains and losses arising on the revaluation of equity investments at FVOCI that have been recognised in other comprehensive income.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

28. Reserves (cont'd)

(d) Equity-settled employee benefits reserve

		Group	
		2021	2020
		S$'000	S$'000
SFRS(I) 1-1.106(d)	Balance at beginning of year	338	-
	Arising on share-based payments	206	338
	Issue of ordinary shares	(314)	-
	Balance at end of year	230	338

SFRS(I) 1-1.79(b)

The equity-settled employee benefits reserve relates to share options granted to employees under the employee share option plan. Please refer to Note 39 for information about share-based payments to employees.

(e) Cash flow hedging reserve

		Group	
		2021	2020
		S$'000	S$'000
	Balance at beginning of year	278	258
SFRS(I) 7.24C(b)(i)	Gain/(loss) recognised on cash flow hedges:		
	- Forward foreign exchange contracts	209	(41)
	- Interest rate swaps	227	357
SFRS(I) 1-1.90	Income tax related to gains/losses recognised in other comprehensive income	(131)	(95)
SFRS(I) 7.24C(b)(iv)	Reclassified to profit or loss:		
	- Forward foreign exchange contracts (reclassified to other expenses)	(3)	-
	- Interest rate swaps (reclassified to finance costs)	(120)	(86)
	Income tax related to amounts reclassified to profit or loss	37	26
SFRS(I) 7.24E(a)	Transferred to initial carrying amount of hedged item:		
	- Forward foreign exchange contracts	(257)	(201)
SFRS(I) 1-1.90	Income tax related to amounts transferred to initial carrying amount of hedged item	77	60
	Balance at end of year	317	278

SFRS(I) 1-1.79(b)

The cash flow hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

28. Reserves (cont'd)

(f) Foreign currency translation reserve

		Group	
		2021	2020
		S$'000	S$'000
	Balance at beginning of year	85	-
SFRS(I) 1-1.7(c)	Exchange differences arising on translating the net assets of foreign operations	75	121
SFRS(I) 1-1.90	Deferred tax relating to gains arising on translating the net assets of foreign operations	(22)	(36)
	Loss on hedging instrument designated as a hedge of the net assets of foreign operations	(12)	-
SFRS(I) 1-1.90	Deferred tax relating to loss on hedge of the net assets of foreign operations	4	-
	Gain/loss reclassified to profit or loss on disposal of foreign operation	(56)	-
SFRS(I) 1-1.90	Income tax related to gain reclassified on disposal of foreign operation	17	-
	Gain/loss on hedging instrument reclassified to profit or loss on disposal of foreign operation	46	-
SFRS(I) 1-1.90	Income tax related to gain/loss on hedging instruments reclassified on disposal of foreign operation	(15)	-
		122	85

SFRS(I) 1-1.79(b)
SFRS(I) 1-1.82A

Exchange differences relating to the translation of the results and the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., S$) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

(g) Option premium on convertible bond

		Group	
		2021	2020
		S$'000	S$'000
SFRS(I) 1-1.106(d)	Balance at beginning of year	-	-
	Recognition of option premium on issue of convertible bond	834	-
	Related income tax	(242)	-
	Balance at end of year	592	-

SFRS(I) 1-1.79(b)

The option premium on convertible bond of S$ 592,000 (net of income tax of S$ 242,000) represents the equity component (conversion rights) of convertible bond issued during the year (see Note 32 Convertible Bond).

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

29. Dividends[1]

		Group and Company	
		2021	2020
		S$'000	S$'000
	Ordinary dividends paid		
SFRS(I) 1-1.107	Final dividend paid in respect of the previous financial year of 29 cents (2020: 27 cents) per share	5,560	6,479

SFRS(I) 1-1.137
SFRS(I) 1-10.13

At the Annual General Meeting on 21 April 2022, a final dividend of 20 cents per share amounting to a total of S$3.8 million will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022. The payment of this dividend will not have any tax consequences for the Group.

Guidance Notes

Non-cash dividends

SFRS(I) INT 17.11, 14, 15, 16

1) If an entity distributes non-cash assets as a dividend to its owners, it shall measure a liability to distribute non-cash assets at fair value of the assets to be distributed. When an entity settles the dividend payable, it shall recognise the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss. An illustrative wording may be considered as follows:

   "On 30 October 20X1, the Company transferred all of the shares held in its subsidiary, MS Pte Ltd, to its holding company as a non-cash dividend. The dividend of S$ 1,200,000 was recognised, representing the fair value of the subsidiary. Accordingly, an amount of S$ 900,000 (i.e., the difference between the fair value of the shares held in its subsidiary and their carrying amount) is presented in profit or loss as other income."

30. Non-controlling interests

	Group	
	2021	2020
	S$'000	S$'000
Balance at beginning of year	20,005	17,242
Share of profit for the year[1]	4,000	2,763
Partial disposal of interests in subsidiaries to non-controlling interests, without loss of control (Note 18)	179	-
Acquisition of non-controlling interests (Note 18)	(731)	-
Balance at end of year	23,453	20,005

Guidance Notes

Unrecognised share of losses of a subsidiary

1) Losses incurred by a subsidiary should be allocated to non-controlling interests in full, even if the non-controlling interests turn into deficit.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

31. Borrowings[1,2]

		Group	
		2021	2020
		S$'000	S$'000
	Unsecured		
	Bank overdrafts	515	309
	Loans from related parties	19,619	38,563
	Convertible bond (Note 32)	4,116	-
		24,250	38,872
	Secured		
	Bank overdrafts	23	69
	Bank loans	15,959	17,390
	Loan from a finance company	562	633
	Lease liabilities (Note 41)	4,446	5,086
		20,990	23,178
SFRS(I) 1-1.60,69	Current	21,806	26,983
SFRS(I) 1-1.60,69	Non-current	23,434	35,067
		45,240	62,050

(a) Loan from related parties bear interest of 8.0% - 8.2% per annum (2020: 8.0% - 8.2% per annum). The loan will mature in 31 December 2022.

SFRS(I) 7.7

(b) The Group has obtained fixed rate loans from a finance company with remaining maturity periods not exceeding 2 years (2020: 3 years). The weighted average effective interest rate on the loans is 7.5% per annum (2020: 8% per annum).

(c) Bank loans are secured by a mortgage over the Group's freehold land and buildings (see Note 14 Property, plant and equipment). The weighted average effective interest rate on the bank loans is 8.30% per annum (2020: 8.32% per annum).

SFRS(I) 1-7.44A, 44C-44E

(d) The reconciliation of movements of liabilities to cash flows arising from financing activities[3] is presented below:

	1 January 2021	**Cash flows**		**Non-cash changes**		**Other change**	**31 December 2021**
		Proceeds	Repayments	Equity portion	Acquisition of subsidiary		
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Bank borrowings	18,401	8,651	(10,018)	-	-	-	17,034
Lease liabilities	5,086	-	(1,035)	-	-	420	4,471
Loan from related parties	38,563	-	(18,944)	-	-	-	19,619
Convertible loans	-	4,839	-	(834)	-	111	4,116
Contingent consideration	-	-	-	-	75	-	75
	62,050	13,490	(29,997)	(834)	75	531	45,315

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

31. Borrowings[1,2](cont'd)

SFRS(I) 1-7.44A, 44C-44E

(a) The reconciliation of movements of liabilities to cash flows arising from financing activities[3] is presented below: (cont'd)

	1 January 2020	Cash flows		Non-cash changes		Other change	31 December 2020
		Proceeds	Repayments	Equity portion	Acquisition of subsidiary		
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Bank borrowings	14,825	26,798	(23,197)	-	-	(25)	18,401
Lease liabilities	6,516	-	(1,035)	-	-	(395)	5,086
Loan from related parties	38,563	-	-	-	-	-	38,563
Convertible loans	-	-	-	-	-	-	-
Contingent consideration	-	-	-	-	-	-	-
	59,904	26,798	(24,232)	-	-	(420)	62,050

Guidance Notes

Classification of loan as "current" debt at the reporting date

1) Illustrative Note disclosure for breach of loan covenant is provided below:

(a) *"During the current financial year, the Company has breached a covenant of a bank loan. The Company did not fulfill the requirement to maintain debt to capital ratio at X.XX for a credit line of S$ XXX. The credit line is fully drawn down and presented as current liability at the reporting date. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant.*

Bank A had not requested for immediate repayment of the outstanding loan amount as at the date when these financial statements are authorised for issue. Management commenced renegotiation of the loan agreement terms in December 20Y1. As of the date the financial statements are authorised for issue, the renegotiation is still in progress."

(b) *"During the current financial year, the Company has breached a covenant of a bank loan. The Company did not fulfill the requirement to maintain debt to capital ratio at X.XX for a credit line of S$ XXX. The credit line is fully drawn down and presented as current liability at the reporting date. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant.*

In January 20X2, the Company settled the loan with Bank A out of the proceeds of a new loan from Bank B, which has a maturity period of three years. The loan with Bank A is presented as current liability as at 31 December 20X2. Management expects that the Company will be able to meet all contractual obligations from borrowings on a timely basis going forward."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

31. Borrowings[1,2] (cont'd)

Guidance Notes

SFRS(I) 1-1.75

Classification of loan as "non-current" debt at the reporting date (cont'd)

2) Illustrative Note disclosure is provided below:

"During the current financial year, the Company breached a loan covenant as it did not maintain a debt to capital ratio of xx in relation to a loan of S$ XXX. The credit line is fully drawn down and presented as current liability at the reporting date. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant.

In December 2021, Bank A agreed to provide a rectification period up to [date] for the entity to rectify the breach. Bank A agreed not to demand repayment during this period. As a result, the Company continued to present the loan as a non-current liability as at 31 December 2021. Management expects that the Company will be able to meet all contractual obligations from borrowings on a timely basis going forward."

Changes in liabilities arising from financing activities

SFRS(I) 1-7.44C

3) The disclosure requirement also applies to changes in financial assets (for example, assets (such as interest rate swaps) that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities. The illustrative disclosure is provided below:

".....

	1 January 2021	**Cash flows**	**Non-cash changes** Fair value changes	**31 December 2021**
	S$'000	S$'000	S$'000	S$'000
Interest rate swaps fair value hedging	-	-	XX	XX

Rent concessions – Lessee

SFRS(I) 1-7 (43-44A)

4) The effect of rent concessions should be presented as reduction in cash outflows for leases during the period of the rent concessions. The reduction in lease liability due to the rent concessions would be disclosed as a non-cash change in lease liabilities as illustrated below:

	1 January 20X0	**Cash flows**		**Non-cash changes**		**31 December 20X0**
		Proceeds	Repay-ments	Rent concessions	Acquisition of subsidiary	
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Lease liabilities	XXX	-	(XXX)	XXX	-	XXX

32. Convertible bond

	2021
	S$'000
Proceeds of issue	4,839
Liability component at date of issue	(4,005)
Equity component (Note 28)	834

SFRS(I) 7.17
SFRS(I) 1-1.79(a)

The Company issued S$ denominated convertible bond on 1 October 2021 for S$4,839,000 with coupon payments of 1% payable annually. The bond can be converted to 1,500,000 ordinary shares on 31 August 2022. If the bond is not converted, it will be redeemed on 31 August 2022 at S$4,839,000.

The interest expense for the year (S$111,000) is calculated by applying an effective interest rate of 11.6% to the liability component for the 3-month period since the bond was issued.

33. Other financial liabilities

	Group	
	2021	2020
	S$'000	S$'000
Financial guarantee contracts	36	18
Contingent consideration (Note 18)	75	-
	111	18

The contingent consideration related to the acquisition of a subsidiary (Note 18). There has been no change in the fair value of the contingent consideration since the acquisition date.

SFRS(I) 7.8(g)

34. Derivatives

	Group	
	2021	2020
	S$'000	S$'000
<u>Cash flow hedge</u>		
Interest rate swaps (i)	5	-
Foreign currency forward contracts (ii)	75	-
	80	-

(i) Interest rate swaps

The Group entered into interest rate swaps to hedge floating quarterly interest payments on borrowings that will mature on 31 December 2022. The fair value gains and losses on the interest rate swaps are disclosed in Note 28.

(ii) Currency forwards

The Group entered into hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within three months from the reporting date. The currency forwards have maturity dates that coincide with the expected occurrence of these transactions. The fair value gains and losses on the currency forwards are disclosed in Note 28.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

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35. Provisions

	Warranties	Group S$'000
SFRS(I) 1-37.84(a)	Balance at 1 January 2021	1,038
SFRS(I) 1-37.84(b)	Additional provisions recognised	707
SFRS(I) 1-37.84(c)	Reductions arising from payments	(400)
SFRS(I) 1-37.84(d)	Unused amounts reversed	(115)
SFRS(I) 1-37.84(e)	Unwinding of discount and effect of changes in the discount rate	28
SFRS(I) 1-37.84(a)	Balance at 31 December 2021	1,258
SFRS(I) 1-37.84(a)	Balance at 1 January 2020	1,012
SFRS(I) 1-37.84(e)	Unwinding of discount and effect of changes in the discount rate	26
SFRS(I) 1-37.84(a)	Balance at 31 December 2020	1,038

		Group	
		2021	2020
		S$'000	S$'000
SFRS(I) 1-1.61,69	Current	747	611
	Non-current	511	427
		1,258	1,038

FRS(I) 1-37.85
SFRS(I) 1-1.98(g)

A provision is recognised for expected warranty claims on certain electronic components sold during the last two years, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next three financial years. Assumptions used to calculate the provision for maintenance warranties were based on the current sales levels and current information available about returns based on the three-year warranty period for the relevant electronic components sold. During the financial year, excess warranty provision of S$115,000 (2020: Nil) has been reversed.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

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SFRS(I) 1-1.77

36. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Trade payables	20,513	17,580	3,553	3,084
Deferred grant income (Note 24)	180	-	80	-
Other payables and Accruals	2,896	7,400	480	450
	23,409	24,980	4,033	3,534

Trade and other payables are non-interest bearing. Trade payables are normally settled on 60-day terms.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

37. Employee benefits

Employee benefits expense

	Group	
	2021	2020
	S$'000	S$'000
Salaries and bonuses	8,001	10,400
Other short-term benefits	204	190
Share-based payments (Note 39)	206	338
Post-employment benefits		
- Defined contribution plans	160	148
- Defined benefit plans	1,232	579
	9,803	11,655

(a) Defined contribution plans

The Group makes contributions to the Central Provident Fund in respect of its Singapore employees.

SFRS(I) 1-19.43

The employees of the Group's subsidiaries that operate in the People's Republic of China (PRC) are members of a state-managed retirement benefit plan operated by the government of PRC. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

SFRS(I) 1-19.53

The total expense recognised in the consolidated statement of comprehensive income is S$160,000 (2020: S$148,000) which represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2021, contributions of S$8,000 (2020: S$8,000) due in respect of the 2021 (2020) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

(b) Defined benefit plans

SFRS(I) 1-19.139

The Group operates a funded defined benefit plan for qualifying employees of its subsidiaries in PRC. Under the plan, the employees are entitled to retirement benefits varying between 40% and 45% of final salary upon reaching 65 years of age.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation was carried out on 31 December 2021 by Mr. Chen Feng, Fellow of the Institute of Actuaries of PRC. The present value of the defined benefit obligation, the related current service cost, and past service cost, were measured using the Projected Unit Credit Method.

SFRS(I) 1-19.144

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	Valuation at	
	2021	2020
	%	%
Discount rate(s)	5.52	5.20
Expected return on plan assets	12.08	10.97
Expected rate(s) of salary increase	5.00	5.00

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

37. Employee benefits (cont'd)

(b) Defined benefit plans (cont'd)

SFRS(I) 1-19.120
SFRS(I) 1-19.135

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

		Group	
		2021	2020
		S$'000	S$'000
	Service cost:		
SFRS(I) 1-19.141	Current service cost	1,068	442
	Net interest expense	164	137
	Components of defined benefit costs recognised in profit or loss	1,232	579
	Remeasurement on the net defined benefit liability:		
	Return on plan assets (excluding amounts included in net interest expense)	(206)	(203)
	Actuarial gains and losses arising from changes in demographic assumptions	(25)	5
	Actuarial gains and losses arising from changes in financial assumptions	(302)	198
	Actuarial gains and losses arising from experience adjustments	(43)	(23)
	Components of defined benefit costs recognised in other comprehensive income	(576)	(23)
	Total	656	556

SFRS(I) 1-19.140

The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	Group	
	2021	2020
	S$'000	S$'000
Present value of funded defined benefit obligation	5,905	5,808
Fair value of plan assets	(4,202)	(4,326)
	1,703	1,482

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

37. Employee benefits (cont'd)

(b) Defined benefit plans (cont'd)

SFRS(I) 1-19.141

Movements in the present value of the defined benefit obligation in the current year were as follows:

	Group	
	2021	2020
	S$'000	S$'000
Opening defined benefit obligation	5,808	5,814
Current service cost	1,068	442
Interest cost	302	323
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	(25)	5
Actuarial gains and losses arising from changes in financial assumptions	(302)	198
Actuarial gains and losses arising from experience adjustments	(43)	23
Exchange differences on foreign plans	(303)	(387)
Benefits paid	(620)	(610)
Closing defined benefit obligation	5,905	5,808

SFRS(I) 1-19.141

Movements in the fair value of the plan assets in the current year were as follows:

	2021	2020
Opening fair value of plan assets	4,326	4,788
Interest income	138	186
Remeasurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	206	203
Exchange differences on foreign plans	152	(241)
Benefits paid	(620)	(610)
Closing fair value of plan assets	4,202	4,326

SFRS(I) 1-19.142

The fair value of the plan assets at the end of the reporting period for each category are as follows:

	Fair value of plan assets	
	2021	2020
	S$'000	S$'000
Equity investments in consumer industry	1,033	1,008
Debt investments	2,073	1,846
Residential properties in China	1,096	1,472
	4,202	4,326

SFRS(I) 1-19.142

All equity and debt instruments are valued using quoted prices in an active market. The fair value of residential properties is based on valuations provided by independent professional valuation specialists.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

37. Employee benefits (cont'd)

(b) Defined benefit plans (cont'd)

SFRS(I) 1-19.145(a)

Significant estimates that were used in assessing the carrying amount of the defined benefit obligation include the discount rate, expected salary increases and life expectancies. The sensitivity analyses below are based on assumptions of reasonably possible changes in these estimates occurring at the end of the reporting period, while holding all other estimates constant.

- If the discount rate increases/(decreases) by 1%, the defined benefit obligation will decrease by S$740,000/(increase by S$730,000).

- If the expected salary growth increases/(decreases) by 1%, the defined benefit obligation will increase by S$130,000/(decrease by S$120,000).

- If the life expectancy increases/(decreases) by one year, the defined benefit obligation will increase by S$155,000/(decrease by S$160,000).

SFRS(I) 1-19.145(b)

The above sensitivity analysis is based on the same method that has been applied in the computation of the carrying amount of the defined benefit obligation liability.

SFRS(I) 1-19.145(c)

The methods and assumptions used in preparing the sensitivity analysis were the same as in the previous year.

SFRS(I) 1-19.146

At each reporting date, an Asset-Liability Matching (ALM) study is performed by the pension fund's asset manager in which the consequences of the strategic investment policies are analysed. The strategic investment policy of the pension fund can be summarised as follows:

- a targeted strategic asset mix comprising 30% equity securities, 45% government bond and 25% other investments; and

- interest rate risk is managed with the objective of reducing the cash flow interest rate risk by 25% through the use of debt instruments (government bonds) and interest rate swaps.

There has been no change in the process used by the Group to manage its risk from prior periods.

SFRS(I) 1-19.147 (a) – (c)

The fund is fully funded by the Group's subsidiaries. The funding requirements are based on the funds' actuarial measurement framework set out in the funding policies of the plan. In this framework, the funding of the plan is based on a separate actuarial valuation for funding purposes for which the actuarial assumptions may differ from those used above.

The average duration of the benefit obligation of members at 31 December 2021 is 15.8 years (2020: 15.2 years). The Group expects to pay S$0.88 million in contributions (2020: S$0.75 million) to its defined benefit plan in next year.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

38. Financial instruments

SFRS(I) 1-1.134, 135, 136

(a) Capital risk management[1,2,3]

The primary objective of the Group's capital management is to ensure it maintains healthy capital ratios in order to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from last year.

The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure of the Group and makes adjustment to it, in light of changes in economic conditions. The committee considers the cost of capital and the risks associated with each class of capital. The Group monitors capital using gearing ratio and keeps the ratio between 18% - 40%. The net debt to capital ratio as at 31 December 2021 (see below) was at the lower end of the target range. The Group's debt includes long- and short-term borrowings. Capital includes all capital and reserves of the Group that are managed as capital.

	Group	
	2021	2020
	S$'000	S$'000
Debt	45,240	62,050
Cash and bank balances	(7,621)	(19,778)
Net debt	37,619	42,272
Total capital	170,527	166,563
Net debt to capital	22%	25%

Guidance Notes

Capital risk management

1) This illustration illustrates the capital risk disclosures for a reporting entity that monitors its capital using a net debt to capital ratio. Other entities may use different and/or more complex methods to monitor capital. An entity decides, in light of its circumstances, which measures are more suitable to monitor its capital and how much detail it should disclose. For instance, some entities may monitor capital based on Return on Capital Employed, Economic Value Added, or dividend pay-out ratio.

SFRS(I) 1-1 .136

2) An entity may be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities and those entities may also operate in several jurisdictions. When an aggregate disclosure will not provide useful information, the entity shall disclose separate information for each capital requirement to which the entity is subject.

3) The word "capital" denotes the Company's overall funding, it does not mean "equity capital".
If an entity has a capital deficit, it should not define capital as total issued capital and fully paid-up ordinary shares less accumulate losses. Other cash flows which the entity has treated as capital for managing the entity should be disclosed. If an entity has material borrowings which were considered part of capital management, qualitative and quantitative terms such as gearing ratios should be presented to enable the reader to evaluate the entity's objectives, policies and processes for managing capital.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

38. Financial instruments (cont'd)

SFRS(I) 7.6, 8

(b) Categories of financial instruments

Reference		Group 2021 S$'000	Group 2020 S$'000	Company 2021 S$'000	Company 2020 S$'000
	Financial assets				
SFRS(I) 7.8(a) SFRS 107.8(a)	Financial assets at Fair Value through Profit or Loss ("FVPL")				
SFRS 107.8(a)	- Held for trading	543	1,250	-	-
	- Derivative instruments in designated hedge accounting relationships	520	400	-	-
SFRS(I) 7.8(h)	Financial assets measured at Fair Value though Other Comprehensive Income (FVOCI)				
	- Equity instruments	8,956	7,857	-	-
SFRS(I) 7.8(f)	Financial assets at amortised cost				
	- Cash and bank balances (including cash and bank balances in a disposal group classified as held for sale)	8,746	19,778	8,527	8,912
	- Contract assets	234	225	-	-
	- Trade and other receivables	23,465	19,714	13,902	12,003
	- Trade receivables associated with disposal group classified as held for sale	1,872	-	-	-
	- Finance lease receivables	1,028	905	-	-
	- Debt instrument	5,500	3,450	-	-
	Financial liabilities				
	Financial liabilities at FVPL				
SFRS(I) 7.8(e)	- Derivative instruments in designated hedge accounting relationships	80	-	-	-
	Contingent consideration	75	-	-	-
	Financial guarantee contracts	36	18	-	
SFRS(I) 7.8(g)	Financial liabilities at amortised cost				
	- Trade and other payables	23,409	24,890	4,033	3,534
	- Borrowings	45,240	62,050	-	-
	- Convertible Bond	834	-	-	-
	- Liabilities associated with disposal group classified as held for sale	2,059	-	-	-

38. Financial instruments (cont'd)

(c) Financial risk management objectives

SFRS(I) 7.31-33

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer, Head of Treasury and Head of Credit Control. The Audit Committee provides independent oversight to the effectiveness of the risk management process. These risks[1] include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

SFRS(I) 7.21A(a)

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

SFRS(I) 7.33(c)
SFRS(I) 7.40(c)

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risks. The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Guidance Notes
Nature and extent of risks arising from financial instruments
1) The disclosures in response to SFRS(I) 7 illustrated in this Note are based on assumed circumstances of MS Singapore Limited and may not be applicable or relevant to other entities. Each entity should customise the information disclosed according to the specific circumstances, financial risk exposures, and risk management policies and procedures relevant to the entity.

SFRS(I) 7.33
SFRS(I) 7.34
SFRS(I) 7.IG17

(d) Market risk

SFRS(I) 7.33(a)
SFRS(I) 7.33(b)

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risks arising from its investments in equity securities. The Group diversifies its investment portfolio within limits set by the Group. Any deviation from the policy is required to be approved by the Investment portfolio committee.

<u>Sensitivity analysis</u>

SFRS(I) 7.(40) and B25-B28

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period.

All of the Group's quoted equity investments are listed on the Singapore Exchange (SGX). If equity prices for these investments increased/(decreased) by 5% with all other variables being held constant, the Group's net profit for the year would have increased/(decreased by $27,000 (2020: S$ 62,000), while the Group's other comprehensive income would have increased/(decreased) by S$450,000 (2020: S$390,000).

SFRS(I) 7.33(c)

There has been no change to the Group's exposure to equity prices or the manner in which these risks are managed and measured.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

38. Financial instruments (cont'd)

(e) Foreign currency risk

SFRS(I) 7.33

The Group has transactional currency exposures arising from sales and purchases that are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

SFRS(I) 7.34

The carrying amounts of the Group's monetary assets and monetary liabilities, denominated in currencies other than the functional currency of the entities in which these assets are held, based on the information provided to key management[1] the end of the reporting period are as follows:

Group	**Liabilities**		**Assets**	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
RMB	5,200	6,140	1,450	1,560
USD	1,505	1,200	1,150	1,048
MYR	2,548	1,615	1,688	1,556

Company	**Liabilities**		**Assets**	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
USD	1,300	1,750	4,500	3,600

Sensitivity analysis for foreign currency risk[2,3,4]

SFRS(I) 7.40, AG B18, AG B23

The following table demonstrates the sensitivity of the Group's profit after tax and equity to reasonably possible changes in the USD, RMB and MYR exchange rates with all other variables being held constant.

		Group	
		2021	2020[5,6]
		S$'000	S$'000
		Profit after tax/Equity	Profit after tax/Equity
USD/SGD	- Strengthened by 8% (2020: 3%)	(28)	(5)
	- Weakened by 8% (2020: 3%)	28	5
RMB/SGD	- Strengthened by 3% (2020: 3%)	(113)	(137)
	- Weakened by 3% (2020: 3%)	113	137
MYR/SGD	- Strengthened by 11% (2020: 2%)	(95)	(1)
	- Weakened by 11% (2020: 2%)	95	1

38. Financial instruments (cont'd)

(e) Foreign currency risk (cont'd)

Forward foreign exchange contracts

SFRS(I) 7.33
SFRS(I) 7.34
SFRS(I) 7.22B

The Group enters into forward foreign exchange contracts to mitigate specific foreign currency exposures, including those arising from highly probable forecasted sales and purchase transactions. The foreign currency hedge relationships designated by the Group generally involve hedging instruments and hedged cash flows with matching critical terms. For such hedge relationships, the Group assesses hedge effectiveness on a qualitative basis.

In the current year, the Group has designated certain forward foreign exchange contracts as a hedge of its net investment in E (PRC) Co. Ltd., which has RMB as its functional currency. The Group's policy aims to hedge up to 45% of this foreign currency exposure. The Group utilises a rollover hedging strategy, using contracts with terms of up to 6 months.

SFRS(I) 7.23B, 24A(b)

Below is a summary of the Group's forward foreign currency contracts outstanding at the end of the year.

Cash flow hedges

SFRS(I) 7.24A(a), (c), (d)

Contracts in a net gain position	Average exchange rate		Notional principal value		Derivative asset/(liability) at fair value	
	2021	2020	2021	2020	2021	2020
			S$'000	S$'000	S$'000	S$'000
Sell USD - Less than 3 months	1.35	1.25	2,500	2,045	109	102
Buy RMB - Less than 3 months	4.50	4.00	1,500	1,225	64	62
Sell MYR - Less than 3 months	0.36	0.38	1,500	1,230	67	62
			5,500	4,500	240	226

38. Financial instruments (cont'd)

(e) Foreign currency risk (cont'd)

Forward foreign exchange contracts (cont'd)

Contracts in a net loss position	Average exchange rate		Notional principal value		Derivative asset/(liability) at fair value	
	2021	2020	2021	2020	2021	2020
			S$'000	S$'000	S$'000	S$'000
Buy USD - Less than 1 year	1.33	-	1,950	-	(75)	-

SFRS(I) 7.23F

During the year, $97,000 of the forecast sales of electronic equipment in USD, that has previously been the subject of a cash flow hedge relationship, is no longer expected to occur. Accordingly, the Group has reclassified S$3,000 of gains on foreign currency forward contracts relating to this cash flow hedge from the cash flow hedging reserve to profit or loss.

SFRS(I) 7.24C(b)

At 31 December 2021, no ineffectiveness has been recognised in profit or loss arising from the net investment hedge of E (PRC) Co. Ltd.

Guidance Notes

Currency risk information

SFRS(I) 7.34(a)

1) A reporting entity shall disclose summary quantitative data about its exposure to currency risk at the reporting date. The disclosure of quantitative data about its exposure to currency risk at the reporting date are based on the information provided internally to key management personnel as defined in SFRS(I) 1-24 Related Party Disclosures, e.g., board of directors or chief executive officer.

Sensitivity analysis – narrative text or tabular form

SFRS(I) 7.IG36

2) Instead of using a table format, narrative disclosure such as the following may also be considered:

"At 31 December 2021, if the USD has strengthened/(weakened) by X% (2020: X%) against the SGD with all other variables including tax rate being held constant, the Group's and Company's equity will be S$ XXX (2020: S$ XXX) higher/(lower) and S$ XXX (2020: S$ XXX) higher/(lower) respectively while the Group's and Company's profit after tax will be S$ XXX (2020: S$ XXX) higher/(lower) and S$ XXX (2020: S$ XXX) higher/(lower) respectively……"

Where the impacts to profit after tax and/or equity are different even though the exchange rates may have strengthened or weakened by the same percentage, the table format disclosure will likely be more useful. For example, if the reporting entity holds option-based financial instruments, the upside and downside impacts may be different.

38. Financial instruments (cont'd)

(e) Foreign currency risk (cont'd)

Guidance Notes

Foreign currency inter-company receivables and payables

3) Foreign currency inter-company receivables and payables should be included in the sensitivity analyses. This is because even though the intra-group receivables and payables are eliminated in the consolidated statements of financial position, the effect on profit or loss on their revaluation under SFRS(I) 1-21 *The Effect of Changes in Foreign Exchange Rates* is not fully eliminated. However, it must be noted that the foreign exchange revaluation effects of a foreign currency inter-company loan which is part of the net investment in a foreign operation are deferred in equity until disposal (or partial disposal) of the foreign operation. Such foreign currency revaluation effects should not be included in the sensitivity analysis for foreign currency risks as they represent a translation risk rather than a transaction risk.

Equity investments that are denominated in foreign currencies

SFRS(I) 7.B23

4) Currency risk is not considered separately for financial instruments that are non-monetary. The foreign currency exposure arising from investing in non-monetary financial instruments would be considered and reflected in the other price risk disclosures as part of the fair value gains and losses.

Disclosure at reporting date needs to be representative for the period

SFRS(I) 7.35
SFRS(I) 7.IG20

SFRS(I) 7.42
SFRS(I) 7.IG37
SFRS(I) 7.IG38
SFRS(I) 7.IG39
SFRS(I) 7.IG40

5) If the quantitative data disclosed as at the reporting date are unrepresentative of an entity's exposure to risk during the period, an entity shall provide further information that is representative. For example, if an entity typically has a large exposure to a particular currency, but at year-end unwinds the position, the entity might disclose a graph that shows the exposure at various times during the period, or disclose the highest, lowest and average exposures. Similarly, when the sensitivity analyses disclosed are unrepresentative of a risk inherent in a financial instrument (for example because the year-end exposure does not reflect the exposure during the year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative.

Changes in financial risk management/exposure from the previous period

SFRS(I) 7.33

6) An entity needs to include disclosures on the following if there are changes from the previous period:
   (a) the exposures to each type of risk arising from financial instruments; and/or
   (b) the entity's objectives, policies and processes for managing the risk and the methods used to measure the risk.

   For instance, if there has been a change in the hedging policy, this should be disclosed accordingly.

38. Financial instruments (cont'd)

SFRS(I) 7.33

(f) Interest rate risk

SFRS(I) 7.33(a-b) and IG16

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

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts.

SFRS(I) 7.40(b)
SFRS(I) 7.34(a)

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

SFRS(I) 7.40(a)

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would decrease/increase by S$45,000 (2020: decrease/increase by S$63,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

SFRS(I) 7.33(c)

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in the use of variable rate debt instruments.

Interest rate swap contracts

SFRS(I) 7.22
SFRS(I) 7.33
SFRS(I) 7.34

The Group uses interest rate swaps to hedge variable quarterly interest payments on borrowings that will mature on 31 December 2022. Fair value gains and losses on the interest rate swaps recognised in other comprehensive income are reclassified to profit or loss as part of interest expense over the period of the borrowings.

SFRS(I) 7.23D
SFRS(I) 7.23E
SFRS(I) 7.23B
SFRS(I) 7.24A(b)

The following tables[1] detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period:

SFRS(I) 7.24A(a),(c), (d)

Cash flow hedges

Favourable outstanding interest rate swap contracts	Average contracted fixed interest rate		Notional principal value		Derivative asset/(liability) at fair value	
	2021	2020	2021	2020	2021	2020
	%	%	S$'000	S$'000	S$'000	S$'000
Less than 1 year	6.45	6.30	1,000	900	72	37
1 to 2 years	6.15	6.05	3,500	2,900	208	137

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

38. Financial instruments (cont'd)

SFRS(I) 7.33

(f) Interest rate risk (cont'd)

The following tables[1] detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period: (cont'd)

Unfavourable outstanding interest rate swap contracts	Average contracted fixed interest rate		Notional principal value		Derivative asset/(liability) at fair value	
	2021	2020	2021	2020	2021	2020
	%	%	S$'000	S$'000	S$'000	S$'000
Less than 1 year	6.50	-	1,500	-	(5)	-

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the local interbank rate of People's Republic of China. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

Guidance Notes

Source of interest rate risk

SFRS(I) 7.B22

1) Interest rate risk arises on interest-bearing financial instruments recognised in the reporting date (i.e., loans and receivables and debt instruments issued) and on some financial instruments not recognised in the statements of financial position (i.e., some loan commitments).

SFRS(I) 7.24H (a)-(e)

Interest rate reform disclosures

<u>Amendments to SFRS(I) 9/SFRS(I) 1-39/SFRS(I) 7 Phase 1 effective from 1 January 2020</u>

2) It was assumed that the inter-bank offer rate (IBOR) reforms phase 1 do not have material impact to the Group during the financial year. For hedging relationships to which an entity applies the exceptions set out in paragraphs 6.8.4–6.8.12 of SFRS(I) 9 or paragraphs 102D–102N of SFRS(I) 1-39, the amendments to SFRS(I) 9/SFRS(I) 1-39/SFRS(I) 7 Phase 1 requires an entity to provide new disclosures about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities as listed below:

(a) the significant interest rate benchmarks to which the entity's hedging relationships are exposed;
(b) the extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform;
(c) how the entity is managing the process to transition to alternative benchmark rates;
(d) a description of significant assumptions or judgements the entity made in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cashflows); and
(e) the nominal amount of the hedging instruments in those hedging relationships.

SFRS(I) 9.6.8.9 – 6.8.12

The relief provided by the Phase 1 amendments for hedge accounting ceases to apply prospectively when the uncertainties arising from the interest rate benchmark reform are no longer present, e.g., because the hedged item and the hedging instrument have been moved to an alternative benchmark rate.

38. Financial instruments (cont'd)

SFRS(I) 7.33

(f) Interest rate risk (cont'd)

Guidance Notes

Additional disclosures related to interest rate reform

Amendments to SFRS(I) 9/SFRS(I) 7/SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2 effective from 1 January 2021

SFRS(I) 7.24I

3) To enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy, an entity is required to disclose information about:

(a) the nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform, and how the entity manages these risks; and

(b) the entity's progress in completing the transition to alternative benchmark rates, and how the entity is managing the transition.

SFRS(I) 7.24J

To meet the objectives in paragraph 24I, an entity is required to disclose:

a) how the entity is managing the transition to alternative benchmark rates, its progress at the reporting date and the risks to which it is exposed arising from financial instruments because of the transition;

b) disaggregated by significant interest rate benchmark subject to interest rate benchmark reform, quantitative information about financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period, showing separately:
   - non-derivative financial assets;
   - non-derivative financial liabilities; and
   - derivatives; and

c) if the risks identified in (a) have resulted in changes to an entity's risk management strategy (see paragraph 22A), a description of these changes.

The new disclosures are entity-specific which requires disclosures of IBOR-related risk exposures that are managed by the entity, including how the entity is managing the transition process. A sample disclosure is provided below.

(f) Interest rate risk

....

SFRS(I) 7.24H, 24I(a), 24J

The Group has considered hedging relationships that are impacted by interest rate reform may experience ineffectiveness because of uncertainty about when and how replacement may occur for the relevant hedged item and hedging instrument due to the interest rate benchmark reform transition.

Effect of interest rate benchmark reform and risk management strategy

[Describe the effect of IBOR on its financial instruments that will be replaced or reformed as part of the IBOR and how an entity manages the IBOR and associated risks for each financial instrument, for example,

- *debt instruments indexed to SIBOR*
- *non-derivative financial liabilities such as secured bank loans and unsecured bond issues indexed to SIBOR, SOR and EURIBOR*
- *derivatives such as interest rate swaps which have floating legs that are indexed to SIBOR or SOR*
- *hedging items and hedging instruments that are indexed to IBOR benchmark rates (SIBOR and SOR.]*

The following table contains details of all the financial instruments that the Group and Company holds at 31 December 2021 which are referenced to [SIBOR and SOR] and have not yet transitioned to new benchmark rates.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

38. Financial instruments (cont'd)

SFRS(I) 7.33

(f) Interest rate risk (cont'd)

Guidance Notes

Additional disclosures related to interest rate reform (cont'd)

Amendments to SFRS(I) 9/SFRS(I) 7/SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2 effective from 1 January 2021 (cont'd)

3) The new disclosures are entity-specific which requires disclosures of IBOR-related risk exposures that are managed by the entity, including how the entity is managing the transition process. A sample disclosure is provided below.

(f) Interest rate risk (cont'd)

....

SFRS(I) 7.24J(b)
SFRS(I) 7.24H(b),(e)

The following table contains details of all the financial instruments that the Group and Company holds at 31 December 2021 which are referenced to [SIBOR and SOR] and have not yet transitioned to new benchmark rates.

Group 31 December 2021	Maturity	Contract notional amount	Carrying amount	Amounts transitioned to a new benchmark rate at 31/12/2021
Financial Assets		S$'000	S$'000	
Debt instruments (SIBOR)	[x to x]	XXX	XXX	Expected to transition to SORA by 2nd Quarter of 2023
Derivative held for hedging:				
Cash-flow hedges				
- Interest rate swaps (SOR)	[x]	XXX	XXX	Fallback clauses were incorporated
- Currency forward (SOR)	[x]	XXX	XXX	
Financial Liabilities				
Secured bank borrowings (SIBOR)	[x to x]	XXX	XXX	
Secured bank borrowings (SOR)	[x to x]	XXX	XXX	Expected to transition to SORA by 2nd Quarter of 2023
Unsecured bond (SIBOR)	[x to x]	XXX	XXX	

Company 31 December 2021	Maturity	Contract notional amount	Carrying amount	Amounts transitioned to a new benchmark rate at 31/12/2021
Financial Assets		S$'000	S$'000	
Debt instruments (SIBOR)	[x to x]	XXX	XXX	Expected to transition to SORA by 2nd Quarter of 2023
Financial Liabilities				
Secured bank borrowings (SIBOR)	[x to x]	XXX	XXX	Expected to transition to SORA by 2nd Quarter of 2023

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

38. Financial instruments (cont'd)

(g) Credit risk[1,3,4,5]

SFRS(I) 7.33-34,
SFRS(I) 7.35B
SFRS(I) 7.35F(a)(i)
SFRS 107.31,33

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or buying credit insurance, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with high credit quality counterparties of at least an "A" rating by external credit rating companies. Investments in these instruments, as disclosed in Note 21, where the counterparty has AAA-credit rating, are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

SFRS(I) 7.34(c)

Before accepting new customers, the Group's dedicated risk management team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and other reliable references. Sale limits are established for each customer, which represents the maximum open amount without requiring approval from the risk management team; these limits are reviewed quarterly. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. The Group limits its exposure to credit risk from trade receivables by establishing maximum payment periods of one and three months for individual and corporate customers respectively. Furthermore, the Group reviews the recoverable amount of each trade receivable and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

SFRS(I) 7.B8
SFRS(I) 7.34(c)
SFRS(I) 7.35B(c)

About 80% of the Group's customers have been transacting with the Group for over three years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. The Group's trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. Of the trade receivables balance at the end of the year, S$0.9 million (2020: S$0.9 million) is due from a customer, the Group's largest customer. There are no other customers who represent more than 5% of the total balance of trade receivables. Other than a major customer and the largest customer of the Group, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

SFRS(I) 7.B10(b)
SFRS(I) 7.35K(a)
SFRS(I) 7.35M
SFRS(I) 7.B10(c)

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements arises from the carrying amount of the respective recognised financial assets as presented on the consolidated statement of financial position. In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks provided by the Group. The Group's maximum exposure[2] in this respect is the maximum amount the Group is liable to pay if the guarantees are called on. As at 31 December 2021, an amount of S$36,000 (2020: S$18,000) has been recognised in the consolidated financial position as financial liabilities (Note 33).

SFRS(I) 7.35K(b)
SFRS(I) 7.36(a)-(b)

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements[6] to cover its credit risks associated with its financial assets (including trade receivables), except that the credit risk associated with the finance lease receivables is mitigated because the finance lease receivables are secured over the electronics equipment. The carrying amount of the finance lease receivables amounts to S$1.02 million (31 December 2020: S$0.9 million) and the fair value of the leased assets is estimated to be approximately S$1 million (31 December 2020: S$0.9 million). The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

38. Financial instruments (cont'd)

(g) Credit risk[1,3,4,5] (cont'd)

Trade receivables and contract assets

SFRS(I) 9.B5.5.35
SFRS(I) 7.35F(c)
SFRS(I) 7.35(G)

As disclosed in Note 3(p)(ii), the Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets. In measuring the expected credit losses, trade receivables and contract assets are grouped based on their shared credit risk characteristics and numbers of days past due. The contract assets have substantially the same risk characteristics as the trade receivables from the same type of customers. Therefore, the Group has concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Further details on the loss allowance of the Group's and the Company's credit risk exposure in relation to contract assets and trade receivables is disclosed in Notes 5 and 24 respectively.

Derivatives, cash and cash equivalents and other financial assets

SFRS(I) 7.33(a)-(b), 34(a)

The derivatives and cash and cash equivalents are entered into with banks and financial institutions that are rated AA- to AA+, based on credit agency ratings.

SFRS(I) 7.35F(a)
SFRS(I) 7.35G and 35M

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt investments. The amount of the allowance on cash and cash equivalents was immaterial.

Credit risk grading guideline

The Group's dedicated risk management team management assesses and reports to the key management personnel the default risk of debtors using the following internal credit risk grading system:

SFRS(I) 7.35F(b), (d),(e), 35G(a).

Internal rating grades	Definition	Basis of recognition of expected credit loss (ECL)
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition (i.e., interest and/or principal repayment are more than 30 days past due)	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired (i.e., interest and/or principal repayments are more than 90 days past due)	Lifetime ECL (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty (i.e., interest and/or principal repayments are more than 180 days past due.)	Asset is written off

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

38. Financial instruments (cont'd)

(g) Credit risk[1,3,4,5] (cont'd)

SFRS(I) 7.35M(iii), 35N
SFRS(I) 7.35G(a)

Credit risk exposure and significant credit risk concentration

The credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

Group 31 December 2021	Equivalent external credit rating	Internal credit rating	ECL	Gross carrying amount	Loss allowance	Net carrying amount
				S$'000	S$'000	S$'000
Contract Assets (Note 5)	-	Note 1	Lifetime ECL (Simplified)	235	(1)	234
Trade receivables (Note 24)	-	Note 1	Lifetime ECL (Simplified)	18,044	(852)	17,192
Other receivables (Note 24)	-	Performing	12-month ECL	6,273	-	6,273
Finance lease receivables (Note 25)	-	Note 1	Lifetime ECL (Simplified)	1,028	-	1,028
SGD Government bond (Note 21)	AAA	Performing	12-month ECL	5,500	-	5,500
31 December 2020						
Contract Assets (Note 5)	-	Note 1	Lifetime ECL (Simplified)	225	-	225
Trade receivables (Note 24)	-	Note 1	Lifetime ECL (Simplified)	16,934	(892)	16,042
Other receivables (Note 24)	-	Performing	12-month ECL	3,672	-	3,672
Finance lease receivables (Note 25)	-	Note 1	Lifetime ECL (Simplified)	905	-	905
SGD Government bond (Note 21)	AAA	Performing	12-month ECL	3,450	-	3,450

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

38. Financial instruments (cont'd)

(g) Credit risk[1,3,4,5] (cont'd)

SFRS(I) 7.35M(iii), 35N
SFRS(I) 7.35G(a)

Credit risk exposure and significant credit risk concentration (cont'd)

The credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

Company 31 December 2021	Equivalent external credit rating	Internal credit rating	ECL	Gross carrying amount	Loss allowance	Net carrying amount
				S$'000	S$'000	S$'000
Trade receivables (Note 24)	-	Note 1	Lifetime ECL (Simplified)	13,952	(100)	13,852
31 December 2020						
Trade receivables (Note 24)	-	Note 1	Lifetime ECL (Simplified)	12,003	-	12,003

Note 1 - The Group and Company have applied the simplified approach in SFRS(I) 9 to measure the loss allowance based on lifetime ECL. The details of the loss allowance for these financial assets are disclosed in Notes 5, 24 and 25.

SFRS(I) 7.36(a),(b)
SFRS(I) 7.B10(b)

The carrying amount of the Group's financial assets at FVPL best represents their respective maximum exposure[2] to credit risk. The Group holds no collateral over any of these balances.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

38. Financial instruments (cont'd)

(g) Credit risk[1,3,4,5] (cont'd)

Guidance Notes

Quantitative disclosures on credit risk

SFRS(I) 7.34

1) The quantitative disclosures on credit risk exposure shall be based on information provided internally to key management personnel of the entity. An entity may consider the disclosure where:

   (a) management monitors the credit risk exposures only on the major classes of financial assets, which are bank deposits and trade receivables; and

   (b) the credit risk exposures on trade receivables are analysed and reported to key management by geographical areas and by types of customers.

   Other measures such as industry sector, credit rating and group of closely related counterparties might be used by another reporting entity.

SFRS(I) 7.36

2) Disclosure of amount that best represents maximum exposure to credit risk is not required when this amount is represented by the carrying amount of the financial instrument. The disclosure of fair value is replaced by a description of financial effect of collateral and other credit enhancements.

SFRS(I) 7.36(a)

   For all financial instruments within the scope of SFRS(I) 7, but to which the impairment requirements in SFRS(I) 9 are not applied, it requires an entity to disclose by class of financial instrument the amount that best represents the entity's maximum credit risk exposure at the end of the reporting period, excluding the effect of any collateral and other amounts that do not qualify for offset in accordance with SFRS(I) 1-32. Examples of financial instruments that are within the scope of SFRS(I) 7 but that are not subject to the SFRS(I) 9 impairment requirements include:
   - Financial assets and derivatives measured at FVPL;
   - Financial guarantee contracts issued measured at FVPL; and
   - Loan commitments issued measured at FVPL.

   Equity investments, regardless of whether they are measured at FVPL or FVOCI, are also in the scope of SFRS(I) 7 but not subject to the SFRS(I) 9 impairment requirements; however, they do not give rise to an exposure to credit risk and therefore are not subject to the SFRS(I) 7 credit risk disclosures.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

38. Financial instruments (cont'd)

Guidance Notes

Credit risk relating to financial assets or financial liabilities at fair value through profit or loss

SFRS(I) 7.9
SFRS(I) 7.10
SFRS(I) 7.11

3) In this illustration, no financial instrument has been designated as financial assets or financial liabilities at fair value through profit or loss. If an entity has designated a loan or receivable or financial liability as at fair value through profit or loss, further disclosures are required in SFRS(I) 7 paragraphs 9 to 11.

Credit risk exposure

SFRS(I) 7.35M

4) An entity is required to disclose information about an entity's credit risk exposure and significant concentrations of credit risk by credit risk grading at the reporting date. The number of credit risk rating grades used to disclose such information should be consistent with the number that the entity reports to key management personnel for credit risk management purposes. However, in some cases, delinquency and past due information may be the only borrower-specific information available without undue cost or effort, which is used to assess whether credit risk has increased significantly since initial recognition. In such cases, an entity should provide an analysis of those financial assets by past due status.

Entities which elect the practical expedient under paragraph 5.5.15 of SFRS(I) 9 to measure the loss allowance of trade receivables, contract assets or lease receivables using a provision matrix may provide the above disclosure based on the provision matrix.

Loss allowance of financial guarantee contracts

SFRS(I) 7.B10(c)

5) If the Group provided loss allowance on financial guarantee contracts, the following illustrative disclosure is required:

"As at December 31 2021, a loss allowance of S$XXX (2020: S$XXX) for the financial guarantee contracts has been recognised in the consolidated statement of financial position as loss allowance for the financial year (Note X)."

Collateral and other credit enhancements

SFRS(I) 7.35K

6) An entity is required to disclose by class of financial instrument at the reporting date:
- the amount that best represents its maximum exposure to credit risk without taking account of any collateral held or other credit enhancements (e.g., netting agreements that do not qualify for offset in accordance with SFRS(I) 1-32).
- description of collateral held as security and other credit enhancements
- quantitative information about the collateral held as security and other credit enhancements.

SFRS(I) 7.38

When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees), and such assets meet the recognition criteria in other SFRS(I)s, an entity shall disclose for such assets held at the reporting date the nature and carrying amount of the assets; and when the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations. Illustrative wordings may be considered as follows:

"The Group obtained inventories by taking possession of collateral held as security. The carrying amount of the inventories as at 31 December 2021 is S$ XXX. Repossessed items are sold as soon as practicable, with the proceeds used to reduce outstanding receivables. They are presented within "other current assets" on the statement of financial position."

SFRS(I) 7.15

When an entity holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:
(a) the fair value of the collateral held;
(b) the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and
(c) the terms and conditions associated with its use of the collateral.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

38. Financial instruments (cont'd)

(h) Liquidity risk

SFRS(I) 7.33(a-b)
SFRS(I) 7.39 and IG5

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

SFRS(I) 7.34(a)

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

Non-derivative financial liabilities

SFRS(I) 7.39(a-b) and AG B11B

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

	1 year or less	1 to 5 years	Total	Carrying amount
	S$'000	S$'000	S$'000	S$'000
Group				
31 December 2021				
Financial liabilities				
Trade and other payables	23,409	-	23,409	23,409
Lease liabilities (SFRS(I) 16.58)	1,462	3,553	5,015	4,446
Borrowings	25,773	25,430	51,203	40,794
Financial guarantee contracts	2,500	-	2,500	36
	53,144	28,983	82,127	68,685

	1 year or less	1 to 5 years	Total	Carrying amount
	S$'000	S$'000	S$'000	S$'000
Group				
31 December 2020				
Financial liabilities				
Trade and other payables	24,980	-	24,980	24,980
Lease liabilities	1,462	5,015	6,477	5,086
Borrowings	30,344	37,407	67,751	57,053
Financial guarantee contracts	1,500	-	1,500	18
	58,286	42,422	100,708	87,137

The carrying amounts of the Company's financial liabilities with a maturity of less than one year are approximate to the contractual undiscounted cash flow amounts.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

38. Financial instruments (cont'd)

(h) Liquidity risk (cont'd)

SFRS(I) 7.39(b)

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflow) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

Group

	S$'000
2021	
Net settled:	
Interest rate swaps	275
Gross settled:	
Foreign exchange forward contract	
Gross inflow	7,450
Gross outflow	(7,285)
	165
2020	
Net settled:	
Interest rate swaps	174
Gross settled:	
Foreign exchange forward contract	
Gross inflow	4,500
Gross outflow	(4,274)
	226

SFRS(I) 7.B11C

The maximum amount of the financial guarantee contracts is allocated to the earliest period in which the guarantee could be called.

SFRS(I) 7.B11(c)

The amounts for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. Share-based payments

SFRS(I) 2.44
SFRS(I) 2.45

The Group has established a share option scheme for executive and senior employees to purchase shares in the Company. The scheme was approved by members of the Company at a previous annual general meeting. Under the scheme, executives and senior employees with more than five years of service to the Group may be granted options to purchase ordinary shares at an exercise price of S$1 per ordinary share.

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights.

The share options were granted during the current and prior reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
				S$	S$
• Issued 31 March 2020	290,000	31/03/20	30/03/21	1.00	1.16
• Issued 30 September 2021	220,000	30/09/21	29/09/22	1.00	0.94

All options vested on their date of issue and expire within twelve months of their issue, or upon the resignation of the executive or senior employee, whichever is the earlier.

SFRS(I) 2.46
SFRS(I) 2.47(a)

The weighted average fair value of the share options granted during the financial year is S$0.94 (2020: S$1.16). Options were priced using a binomial option pricing model. The significant inputs into the model were as follows:

Inputs into the model	Issued 31/3/20	Issued 30/9/21
Grant date share price	2.41	2.16
Exercise price	1.00	1.00
Expected volatility	15.30%	13.31%
Option life	1 year	1 year
Dividend yield	13.20%	13.40%
Risk-free interest rate	5.13%	5.45%

Expected volatility is based on the historical share price volatility over the past 5 years.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. Share-based payments (cont'd)

SFRS(I) 2.45(b)

The following reconciles the share options outstanding at the beginning and end of the year:

	2021		2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		S$		S$
Balance at beginning of year	290,000	1.00	-	-
Granted during the year	220,000	1.00	290,000	1.00
Exercised during the year	(314,000)	1.00	-	-
Balance at end of year	196,000	1.00	290,000	1.00

SFRS(I) 2.45(c)

The following share options were exercised during the year:

Options	Number exercised	Exercise date	Share price at exercise date
			S$
• Issued 31 March 2020	290,000	10/02/2021	2.50
• Issued 30 September 2021	24,000	19/12/2021	3.20
	314,000		

SFRS(I) 2.45(d)

The share options outstanding at the end of the year had a weighted average exercise price of S$1 (2020: S$1), and a weighted average remaining contractual life of 272 days (2020: 89 days).

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

40. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and other related parties at terms agreed between the parties.

SFRS(I) 1-24.18
SFRS(I) 1-24.21

	2021 S$'000	2020 S$'000
(a) Sales and purchases of goods		
Sales of goods to:		
- holding company	550	440
- related companies	1,350	1,020
- associates	344	151
Purchases of goods from:		
- holding company	330	288
- related companies	410	350
- associates	100	-
	3,084	2,249

SFRS(I) 1-24.17

	2021 S$'000	2020 S$'000
(b) Compensation of key management personnel		
Short-term employee benefits	1,725	1,545
Share-based payment	141	293
Other short-term benefits	195	83
	2,061	1,921
Comprise amounts paid to:		
Directors of the Company	1,100	1,095
Other key management personnel	961	826
	2,061	1,921

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

41. Leases[1,2,3,4]

The Group as Lessee

SFRS(I) 16.59(a)

(a) Nature of the Group's leasing activities

SFRS(I) 16.59(c)

The Group has entered into leases of buildings in respect of its offices and retail stores. The Group also leases equipment for the construction division. The Group is prohibited from selling, pledging or sub-leasing the underlying leased assets, and is required to maintain the assets in good condition.

The future cash outflow which the Group has not capitalised in the lease liabilities are disclosed as below:

SFRS(I) 16.59(b)(ii)

Extension options

The above leases include term extension options for which the Group has the right, but does not expect, to exercise. Accordingly, lease payments in the extension period have not been capitalised in the Group's right-of-use assets and lease liabilities. The options were negotiated to optimise the Group's future operational flexibility.

Potential future cash outflows arising from the Group's lease contracts that have been excluded from the measurement of lease liabilities are as follows:

	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities (discounted)	Historical rate of exercise of extension options
	S$'000	S$'000	
Office and retail stores	2,673	1,713	41%
Equipment	1,773	1,137	49%
	4,446	2,850	

SFRS(I) 16.59(b)(iv)

As at 31 December 2021, the Group is committed to S$1.5 million of future cash outflows arising from leases of retail stores which have not yet commenced.

(b) Carrying amount of right-of-use assets classified within Property, Plant and Equipment

SFRS(I) 16.54

SFRS(I) 16.53(k)

	31 December 2021	31 December 2020
	S$'000	S$'000
Buildings	2,443	2,714
Plant and equipment	1,628	1,809

SFRS(I) 16.53(h)

There were no additions to right-of-use assets during the financial year.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

41. Leases (cont'd)

The Group as Lessee (cont'd)

(c) Amounts recognised in profit or loss

		2021	2020
		S$'000	S$'000
SFRS(I) 16.53(a)	Depreciation charged for the year:		
	- Buildings	271	271
	- Plant and equipment	181	181
SFRS(I) 16.53(b)	Interest on lease liabilities	395	395
SFRS(I) 16.53(c)	Expenses relating to short-term leases	766	605
SFRS(I) 16.53(d)	Expenses relating to low-value assets	698	679

(d) Other disclosures

		2021	2020
		S$'000	S$'000
SFRS(I) 16.53(g)	Total cash outflow for leases	1,535	1,535

The Group as lessor

SFRS(I) 16.92(a),(b)

Nature of the Group's leasing activities

The Group leased out its investment properties under operating leases with lease terms of between 4 to 6 years. The lessee does not have an option to purchase the property at the expiry of the lease period. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties is disclosed in Note 15.

The Group also leases out electronic equipment under finance leases, as disclosed in Note 25.

SFRS(I) 16.97

Future minimum rental receivables under non-cancellable operating leases as at the end of the reporting period are as follows:

	Year Ended 2021	Year Ended 2020
	S$'000	S$'000
Not later than one year	16	12
One to two years	16	12
Two to three years	16	12
Three to four years	16	12
Four to five years	16	12
More than five years	32	15
Total	112	75

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

41. Leases (cont'd)

Guidance Notes

Information about leasing activities (Lessee)

SFRS(I) 16.59(b)(i)

1) This publication assumes that there are no variable lease payments. If variable lease payments are involved, disclosures that should be considered are illustrated below:

Variable lease payments based on sales

"The leases for retail stores contain variable lease payments that are based on a percentage of sales generated by the stores ranging from x% to x%, on top of fixed payments. These payment terms are common in retail store in the country where the Group operates. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for newly established stores. Such variable lease payments are recognised to profit or loss when incurred. The leases with lease payments based on sales were provided below:

	Year Ended 2021	*Year Ended 2020*
	S$'000	*S$'000*
Fixed payments	*XXX*	*XXX*
Variable payments	*XXX*	*XXX*
Total Payments	*XXX*	*XXX*
Estimated annual impact on rent of a x% increase in sales	*XXX*	*XXX*

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years."

SFRS(I) 16.59(b)(iii)

2) This publication assumes that there are no residual guarantees in lease contracts. If there are such guarantees, disclosures that should be considered are illustrated below:

Residual guarantee

"The Group leases motor vehicles, with lease terms of x to x years. In some leases, the Group has options to purchase the assets at the end of the contract term, in other leases, the Group guarantees the residual value of the leased assets at the end of the contract term. The Group reassesses the estimated amount payable under the residual value guarantees at the year end to remeasure lease liabilities and right-of-use assets. As at 31 December 20xY, the Group estimates that the estimated amount payable under the residual guarantees is S$XXX."

SFRS(I) 16.B52

3) This publication assumes that there are no sale and leaseback transactions. Disclosures that should be considered for sale and leaseback transactions are illustrated below:

SFRS(I) 16.53(i)

"In 20xA, the Group sold one of its buildings and leased it back for x years. The Group has an option to repurchase the building for its market value at the end of the lease term. The sale and leaseback transaction allowed the Group to access more capital while continuing to use the building. The rent is adjusted every [x] years to reflect increases in local market rents for similar properties. [may disclose additional information such as payment not included in the measurement of lease liabilities, the cash flow effect of sale and leaseback transactions]. Gains/losses from sale and leaseback transactions of S$XXX was recognised in profit or loss during the financial year."

SFRS(I) 9.7.2.46
SFRS(I) 16.C1B

4) The practical expedients in the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 *Interest Rate Benchmark Reform (IBOR) – Phase 2* are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. If lease modifications are made in addition to those required by IBOR reform, an entity applies the relevant SFRS(I) 16 requirements to account for the entire lease modification, including those changes required by IBOR reform.

42. Fair value measurement

Fair value of financial instruments[1,3]

A. Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

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

SFRS(I) 13.76
- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

SFRS(I) 13.81
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e., derived form prices); and

SFRS(I) 13.86
- Level 3 – Unobservable inputs for the asset or liability.

SFRS(I) 13.73

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.

SFRS(I) 13.93(a)
SFRS(I) 13.93(b)
SFRS(I) 13.93(d)

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Group			
	Fair value measurements at the end of the reporting period using			
2021	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
Financial assets:				
Held for trading non-derivative financial assets	543	-	-	543
Financial assets at FVOCI:				
Quoted equity securities	4,204	-	-	4,204
Unquoted equity securities (a)	-	-	4,752	4,752
Total financial assets at FVOCI	4,204	-	4,752	8,956
Derivatives				
Forward currency forward contracts	-	240	-	240
Interest rate swaps	-	280	-	280
Total derivatives	-	520	-	520
Financial assets as at 31 December 2021	4,747	520	4,752	10,019
Financial liabilities:				
Derivatives				
Forward currency forward contracts	-	(75)	-	(75)
Interest rate swaps	-	(5)	-	(5)
Total derivatives	-	(80)	-	(80)
Contingent consideration (b)	-	-	(75)	(75)
Financial liabilities as at 31 December 2021	-	(80)	(75)	(155)

42. Fair value measurement (cont'd)

Fair value of financial instruments[1,3] (cont'd)

A. Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (cont'd)

	Group			
	Fair value measurements at the end of the reporting period using			
2020	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
Financial assets:				
Held for trading non-derivative financial assets	1,250	-	-	1,250
Financial assets at FVOCI:				
Equity securities:				
Quoted equity securities	3,105	-	-	3,105
Unquoted equity securities (a)	-	-	4,752	4,752
Total financial assets at FVOCI	3,105	-	4,752	7,857
Derivatives				
Forward currency forward contracts	-	226	-	226
Interest rate swaps	-	174	-	174
Total derivatives	-	400	-	400
Financial assets as at 31 December 2020	4,355	400	4,752	9,507

Level 1 fair value measurements

The fair value of securities traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2 fair value measurements

Derivatives
Forward currency contracts and interest rate swaps are valued using Discounted cash flow. The models incorporate various inputs including the foreign exchange spot and forward rates, interest rate curves and forward rate curves, and credit quality of the counterparties.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

42. Fair value measurement (cont'd)

Fair value of financial instruments[1,3] (cont'd)

A. Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (cont'd)

Level 3[2,5] fair value measurements

SFRS(I) 13.93(d)
SFRS(I) 13.93(h)(i)

	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(a)	Discounted cash flow (Note 1)	- Long-term revenue growth rates 4% (2020: 4.5%).	The higher the revenue growth rate, the higher the fair value.
		- Long-term pre-tax operating margin 5% (2020: 4%).	The higher the per-tax operating margin, the higher the fair value.
		- Weighted average cost of capital, determined using a Capital Asset Pricing Model 10.5% (2020: 10.8%).	The higher the weighted average cost of capital, the lower the fair value.
		- Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries 5% (2020: 5%)	The higher the discount, the lower the fair value.
(b)	Discounted cash flow (Note 2)	Discount rate of 18%	The higher the discount rate, the lower the fair value.
		Probability-adjusted revenue and profits, with a range from S$120,000 to S$180,000 and a range from S$58,000 to S$85,000 respectively.	The higher the amounts of revenue and profit, the higher the fair value.

SFRS(I) 13.93(h)(ii)

Note 1: If the above unobservable inputs to the valuation models were 5% (2020: 5%) higher/lower while all the other variables were held constant, the carrying amount of the shares would decrease/increase by S$300,000 (2020: decrease/increase by S$238,000).

Note 2: If the discount rate was 9% higher/lower while all other variables were held constant, the carrying amount of the contingent consideration payable would decrease/increase by S$7,000 (2020: S$ Nil). If the estimates of probability – adjusted revenues and profits were to be increased/decreased by 9%, the carrying amount of the contingent consideration payable would increase/decrease by S$7,000 (2020: S$ Nil).

SFRS(I) 13.93(c)

There were no transfers[4] between Level 1 and 2 in the period.

42. Fair value measurement (cont'd)

Fair value of financial instruments[1,3] (cont'd)

B. Fair value of financial assets and financial liabilities that are <u>not</u> measured at fair value on a recurring basis (but fair value disclosures are required)

SFRS(I) 7.25
SFRS(I) 7.29(a)

Except as detailed in the following table (Fair value hierarchy), the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	Group			
	2021		2020	
Financial assets	Carrying Amount S$'000	Fair Value S$'000	Carrying Amount S$'000	Fair Value S$'000
Finance lease receivables	820	815	707	699
Debt instruments	5,500	5,420	3,450	3,100
Financial liabilities				
Financial guarantee contracts	36	30	18	10
Financial liabilities held at amortised cost:				
Convertible bond	4,116	4,150	-	-
Fixed rate loans	562	610	633	629

SFRS(I) 13.97
SFRS(I) 13.93(b)

<u>*Fair value hierarchy*</u>

	Group 2021			
	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Financial assets				
Finance lease receivables	-	815	-	815
Financial assets at amortised costs	-	-	5,420	5,420
Total	**-**	**815**	**5,420**	**6,235**
Financial liabilities				
Financial guarantee contracts	-	-	30	30
Financial liabilities held at amortised cost:				
- Convertible bond	-	-	4,150	4,150
- Fixed rate loans	-	-	610	610
Total	**-**	**-**	**4,790**	**4,790**

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

42. Fair value measurement (cont'd)

Fair value of financial instruments[1,3] (cont'd)

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) (cont'd)

SFRS(I) 13.97
SFRS(I) 13.93(b)

Fair value hierarchy (cont'd)

	Group			
	2020			
	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Finance lease receivables	-	699	-	699
Debt instruments	-	-	3,100	3,100
Total	**-**	**699**	**3,100**	**3,799**
Financial liabilities				
Financial guarantee contracts	-	-	10	10
Financial liabilities held at amortised cost:				
- Fixed rate loans	-	-	629	629
Total	**-**	**-**	**639**	**639**

SFRS(I) 13.97
SFRS(I) 13.93(d)

The fair values of the financial assets and financial liabilities included in the level 2 and level 3[6] categories above have been determined by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at reporting date.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

42. Fair value measurement (cont'd)

Fair value of financial instruments[1,3] (cont'd)

SFRS(I) 13.93(e)
SFRS(I) 7.27B(c)

C. Reconciliation of Level 3 fair value measurements[5]

Movements in the financial assets during the financial year are as follows:

31 December 2021

		Financial assets at FVOCI
	Group	S$'000
	Opening balance	4,752
SFRS(I) 13.93(e)(ii)	Total gains or losses in other comprehensive income recognised in fair value adjustments	-
	Closing balance	4,752

31 December 2020
Group

		Financial assets at FVOCI
		S$'000
	Opening balance	4,750
SFRS(I) 13.93(e)(ii)	Total gains or losses in other comprehensive income	2
	Closing balance	4,752

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

42. Fair value measurement (cont'd)

Fair value of financial instruments[1,3] (cont'd)

SFRS(I) 13.93(g)

D. Valuation policies and procedures[7]

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Group Audit Committee.

Guidance Notes

Fair value of financial assets and liabilities

SFRS(I) 7.6
SFRS(I) 7.25
SFRS(I) 7.29

1) SFRS(I) 7.25 requires the fair value of each class of financial assets and liabilities to be disclosed in a way that permits it to be compared with its carrying amount. However, disclosures of fair value are not required:

   - When the carrying amount is a reasonable approximation of fair value (i.e., short-term trade and other receivables and payables, and long-term loans that are re-priced to market rate);
   - For a contract containing a discretionary participation feature (as described in SFRS(I) 4) if the fair value of that feature cannot be measured reliably; or
   - For lease liabilities.

SFRS(I) 13.93(h)(ii)

2) For financial assets and financial liabilities whose recurring fair value measurements are categorised within Level 3, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change the fair value determined **significantly**, an entity should state that fact and disclose the effect of those changes. The entity should also disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated. For that purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair values are recognised in other comprehensive income, total equity.

SFRS(I) 13.94

3) An entity shall determine appropriate classes of assets and liabilities on the basis of the following:

   a. The nature, characteristics and risks of asset or liability; and

   b. The level of the fair value hierarchy within which the fair value measurement is categorised.

   The number of classes may need to be greater for fair value measurements categorised within Level 3 of the fair value hierarchy because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of assets and liabilities for which disclosures about fair value measurements should be provided requires judgement. A class of assets and liabilities will often require greater disaggregation than the line items presented in the statements of financial position. If another SFRS(I) specifies the class for an asset or a liability, an entity may use that class in providing the disclosures required in SFRS(I) 13 if that class meets the requirements in this paragraph.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

42. Fair value measurement (cont'd)

Fair value of financial instruments[1,3] (cont'd)

Guidance Notes

Fair value of financial assets and liabilities (cont'd)

SFRS(I) 13.93(c)

4) Transfers between Level 1 and Level 2

SFRS(I) 13 requires disclosures of the amount of any transfers between Level 1 and Level 2 of the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis and the reasons for those transfers. Transfers into each level shall be disclosed and discussed separately from transfers out of each level.

In this illustration, there were no assets or liabilities transferred between Level 1 and Level 2.

Illustrative disclosure if an entity has transfers of assets or liabilities between Level 1 and Level 2.

"The following table shows transfers from Level 1 to Level 2 of the fair value hierarchy for assets and liabilities which are recorded at fair value.

	Group
	2021
	S$'000
Financial assets held-for-trading	
- *Equity securities*	*XXX*

The above financial assets were transferred from Level 1 to Level 2 as they were delisted from the stock exchange and therefore ceased to be actively traded during the year and fair values were consequently measured using valuation techniques and using observable market inputs."

SFRS(I) 13.93(e)(iv)

5) Transfers into or out of Level 3

SFRS(I) 13 requires disclosures of the amount of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfer between levels are deemed to have occurred. Transfers into Level 3 shall be disclosed and discussed separately from the transfers out of Level 3.

In this illustration, there were no assets or liabilities transferred from Level 1 and Level 2 to Level 3 during the financial period ended 31 December 2021.

Illustrative disclosure if there were transfers of assets and liabilities into Level 3.

During the financial year ended 31 December 2021, the Group transferred certain financial instruments from Level 2 to Level 3 of the fair value hierarchy. The carrying amount of the total financial assets transferred was S$ XXX. The reason for the transfers from Level 2 to Level 3 is that inputs to the valuation models for the other debt securities ceased to be observable. Prior to transfer, the fair value of the instruments was determined using observable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant non market-observable inputs.

Illustrative disclosure if there were transfers of assets and liabilities out Level 3.

"The Group also transferred an unquoted equity security from Level 3 to Level 1 of the fair value hierarchy. The carrying amount of the total financial assets transferred was S$ XXX.

The security was transferred from Level 3 into Level 1 as it was listed on stock exchange during the financial year. Prior to the transfer, the fair value of the security was determined using valuation model incorporating significant non market-observable inputs. Since the transfer, the fair value of the security is determined based on market price quoted in the stock exchange."

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

42. Fair value measurement (cont'd)

Fair value of financial instruments[1,3] (cont'd)

Guidance Notes

Fair value of financial assets and liabilities (cont'd)

SFRS(I) 13.93(d)

6) In this illustration, there has been no change in valuation technique for recurring and non-recurring fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy. If there has been a change in valuation technique (e.g., changing from a market approach to an income approach or use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it.

SFRS(I) 13.93(g)

7) For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a description of valuation processes used by the entity including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period.

SFRS(I) 13.IE65

An entity might disclose the following:

(a) for the group within the entity that decides the entity's valuation policies and procedures:

   i. its description;

   ii. to whom that group reports; and

   iii. the internal reporting procedures in place (e.g., whether and, if so, how pricing, risk management or audit committees discuss and assess the fair value measurements;

(b) the frequency and methods for calibration, back testing and other testing procedures of pricing models;

(c) the process for analysing changes in fair value measurements from period to period;

(d) how the entity determined the third-party information, such as broker quotes or pricing services, used in the fair value measurement was developed in accordance with SFRS(I) 13; and

(e) the methods used to develop and substantiate the unobservable inputs used in a fair value measurement.

Financial instruments whose fair value cannot be reliably measured

SFRS(I) 7.30(d)

8) SFRS(I) 7 requires the disclosure of fair value information for financial instruments whose fair value cannot be reliably measured to include disclosure of whether and how the entity intends to dispose of such financial instruments.

SFRS(I) 7.30(e)

If financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amounts at the time of derecognition, and the amount of gain or loss recognised shall be disclosed.

SFRS(I) 1-1.112
SFRS(I) 1-1.113
SFRS(I) 1-1.10(e)
SFRS(I) 1-1.51(b)(c)

Notes to the Financial Statements

For the financial year ended 31 December 2021

43. Capital commitment

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

		2021	2020
		S$'000	S$'000
SFRS(I) 1-16.74(c)	Commitments in respect of property, plant and equipment	1,888	2,989

44. Contingent liabilities

Legal claim

SFRS(I) 1-37

On 30 November 2021, a customer has commenced an action against the Group in respect of construction works claimed to be sub-standard. The estimated payout is S$250,000 should the action be successful. A trial date has not yet been set and therefore it is not practicable to state the timing of any payment. The Group has been advised by its legal counsel that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in these financial statements.

45. Events occurring after the reporting period

SFRS(I) 1-10.21
SFRS(I) 1-10.22(a)
SFRS(I) 3 App B66

On 15 March 2022[1], the Group acquired 100% of Wonderful Ltd, a company incorporated in Hong Kong which is engaged in electronics manufacturing, for a cash consideration of S$2,500,000. The fair value of the identifiable net assets of Wonderful Ltd at the date of acquisition has been provisionally determined to be S$2,250,000. Acquisition-related costs of S$100,000 have been incurred and will be included in administrative expenses in the statement of comprehensive income for the year ending 31 December 2022. Details of the assets acquired and liabilities assumed, non-controlling interest that will be recognised, revenue and profit contribution of Wonderful Ltd and the effect of the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the time that these financial statements have been authorised for issue. Wonderful Ltd will be consolidated with effect from 15 March 2022.

Guidance Notes

Business Combinations occurring after reporting date but before the financial statements are authorised for issue

1) SFRS(I) 3 (revised) requires an acquirer to disclose the same information for business combinations occurring after reporting date but before the financial statements are authorised for issue as what is disclosed for business combinations occurring during the reporting period. The only exception is if the accounting for such business combination is incomplete at the time the financial statements are authorised for issue, in which case the acquirer shall describe which disclosures could not be made and the reasons why.

46. Approval of financial statements

SFRS(I) 1-10.17

The financial statements were approved by the board of directors and authorised for issue on 15 March 2022.

Appendix I – Presentation of profit or loss and other comprehensive Income – Two statements

For the year ended 31 December 2021

This illustrative report illustrates the presentation of profit or loss and other comprehensive income in **two statements** and the classification of expenses within profit or loss by function.

	Consolidated Income Statement **For the year ended 31 December 2021**	Notes	2021 S$'000	2020 S$'000
SFRS(I) 1-1.51(d)(e)				
	Continuing operations			
SFRS(I) 1-1.82(a)	Revenue	[·]	xxx	xxx
SFRS(I) 1-1.99	Cost of sales		(xxx)	(xxx)
SFRS(I) 1-1.85	Gross profit		xxx	xxx
SFRS(I) 1-1.85	Other income			
	- Interest income	[·]	xxx	xxx
	- Others	[·]	xxx	xxx
SFRS(I) 1-1.99	Distribution expenses		(xxx)	(xxx)
SFRS(I) 1-1.99	Administration expenses		(xxx)	(xxx)
SFRS(I) 1-1.82(b)	Finance costs	[·]	(xxx)	(xxx)
SFRS(I) 1-1.99	Other operating expenses		(xxx)	(xxx)
SFRS(I) 1-1.82(c)	Share of profits of associates	[·]	xxx	xxx
SFRS(I) 1-1.85	Profit before tax		xxx	xxx
SFRS(I) 1-1.82(d)	Income tax expense	[·]	(xxx)	(xxx)
SFRS(I) 1-1.85	Profit for the year from continuing operations	[·]	xxx	xxx
	Discontinued operations			
SFRS(I) 1-1.82(ea)	Profit for the year from discontinued operations	[·]	**xxx**	**xxx**
SFRS(I) 1-1.81A(a)	**TOTAL PROFIT FOR THE YEAR**		**xxx**	**xxx**
	Profit for the year attributable to:			
SFRS(I) 1-1.81B(b)(ii)	Owners of the Company		xxx	xxx
SFRS(I) 1-1.81B(b)(i)	Non-controlling interests		xxx	xxx
			xxx	**xxx**
	Earnings per share			
	From continuing and discontinued operations			
SFRS(I) 1-33.66	Basic (cents per share)		x.x	x.x
SFRS(I) 1-33.66	Diluted (cents per share)		x.x	x.x
	From continuing operations			
SFRS(I) 1-33.66	Basic (cents per share)		x.x	x.x
SFRS(I) 1-33.66	Diluted (cents per share)		x.x	x.x

Appendix I – Presentation of profit or loss and other comprehensive Income – Two statements

For the year ended 31 December 2021

This illustrative report illustrates the presentation of profit or loss and other comprehensive income in **two statements** and the classification of expenses within profit or loss by function.

	Consolidated statement of comprehensive income **For the year ended 31 December 2021**	Notes	2021	2020
SFRS(I) 1-1.51(d)(e)			S$'000	S$'000
SFRS(I) 1-1.81A(a)	**PROFIT FOR THE YEAR**		**xxx**	**xxx**
SFRS(I) 1-1.81A(b)	**Other comprehensive income, net of income tax**			
SFRS(I) 1-1.82A	**Items that will not be reclassified subsequently to profit or loss:**			
	Gains on revaluation of property, plant and equipment	[·]	xxx	xxx
	Remeasurement of defined benefit obligation	[·]	xxx	xxx
SFRS(I) 7.20(a)(ii)	Net gain on fair value changes of equity instruments at FVOCI	[·]	xxx	xxx
			xxx	xxx
SFRS(I) 1-1.82A	**Items that will be reclassified subsequently to profit or loss:**			
	Exchange differences on translating foreign operations	[·]	(xxx)	xxx
SFRS(I) 7.20(a)(viii)	Debt investments at FVOCI	[·]		
	- Fair value gain on effective hedges		xxx	xxx
	- Reclassification		(xxx)	(xxx)
SFRS(I) 7.20(a)(ii)	Cash flow hedges	[·]		
	- Fair value gain on effective hedges		xxx	xxx
	- Reclassification		(xxx)	(xxx)
	Exchange differences on translating foreign operations	[·]		
	- Gains on translation of foreign operations		xxx	xxx
	- Reclassification		xxx	xxx
SFRS(I) 1-1.81A(b)	Other comprehensive income for the year, net of tax		xxx	xxx
SFRS(I) 1-1.81A(c)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**xxx**	**xxx**
	Profit for the year attributable to:			
SFRS(I) 1-1.81B(a)(ii)	Owners of the Company		xxx	xxx
SFRS(I) 1-1.81B(a)(i)	Non-controlling interests		xxx	xxx
			xxx	**xxx**

Appendix II – Effect of adopting new or amended SFRS(I)

Illustrative Disclosure:

The effect of adopting SFRS(I) xx on the Group's financial position, profit or loss and cash flows is summarised below. The changes in accounting policies had an immaterial impact on earnings per share for the current and comparative periods.

Consolidated Statement of financial position	***As previously reported***	***Effect of adopting of SFRS(I) xx***	***As restated***	***As previously reported***	***Effect of adopting of SFRS(I) xx***	***As restated***
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
	Year ended 1 January 2020			**Year end 31 December 2020**		
Non-current assets						
Property, plant and equipment	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Investment property	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Goodwill	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Other intangible assets	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Investments in subsidiaries	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Investment in associates	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Investment in joint venture	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Finance lease receivables	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Other financial assets	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Total non-current assets	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Current assets						
Inventories	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Trade and other receivables	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Finance lease receivables	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Other financial assets	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Current tax assets	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Derivatives	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Cash and bank balances	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Total current assets	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Total assets	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Current liabilities						
Trade and other payables	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Borrowings	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Other financial liabilities	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Derivatives	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Current tax liabilities	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Total current liabilities	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Capital and reserves						
Issued capital	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Reserves	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Retained earnings	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Non-controlling interests	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Total equity	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

Appendix II – Effect of adopting new or amended SFRS(I)

Illustrative Disclosure: (cont'd)

Consolidated statement of comprehensive income	***As previously reported***	***Effect of adopting of SFRS(I) xx***	***As restated***
	S$'000	S$'000	S$'000
Year ended 31 December 2020			
Revenue	[xxx]	[xxx]	[xxx]
Cost of sales	[xxx]	[xxx]	[xxx]
Other income	[xxx]	[xxx]	[xxx]
Administrative expenses	[xxx]	[xxx]	[xxx]
Other operating expenses	[xxx]	[xxx]	[xxx]
Finance costs	[xxx]	[xxx]	[xxx]
Share of results of associates	[xxx]	[xxx]	[xxx]
Tax expense	[xxx]	[xxx]	[xxx]
Profit for the year	[xxx]	[xxx]	[xxx]
Non-controlling interests	[xxx]	[xxx]	[xxx]
Profit attributable to owners of the company	[xxx]	[xxx]	[xxx]

Consolidated statement of cash flows	***As previously reported***	***Effect of adopting of SFRS(I) xx***	***As restated***
	S$'000	S$'000	S$'000
Year ended 31 December 2020			
Net cash generated from/used in operating activities	[xxx]	[xxx]	[xxx]
Net cash generated from/used in investing activities	[xxx]	[xxx]	[xxx]
Net cash generated from/used in financing activities	[xxx]	[xxx]	[xxx]

Appendix III – Other Disclosures to Notes to the Financial Statements

The following Other disclosures to Notes to the financial statements do not form part of the illustrative financial statements:

a) Development Properties

List of development properties

SGX 1207.11

1) Where the aggregate value for all properties for development, sale or for investment purposes held by the entity represent more than XX% of the value of the consolidated net tangible assets, or contribute more than XX% of the consolidated pre-tax operating profit, entities listed on the SGX-ST are required to disclose further information regarding development properties.

Illustrative disclosure pursuant to requirements of SGX 1207.11:

"Description and location	*% owned*	*Site area (sqm)*	*Gross floor area (sqm)*	*Stage of completion as at date of annual report (expected year of completion)*
A 30-storey integrated development with residential apartments, offices and retail components along Farrer Road, Singapore	*XX%*	*XX*	*XX*	*XX% (XX year)*
A 15-storey luxurious condominium (High Edge Tower) along Orchard Road, Singapore	*XX%*	*XX*	*XX*	*XX% (XX year)*
A 10-storey luxurious condominium (Royal Palace) development along Cheng Road, Beijing, People's Republic of China	*XX%*	*XX*	*XX*	*XX% (XX year)"*

Appendix III – Other Disclosures to Notes to the Financial Statements

The following Other disclosures to Notes to the financial statements do not form part of the illustrative financial statements:

b) *Service concession arrangements*

"The Group entered into a service concession arrangement with the People's Republic of China ("PRC") government to construct a road, complete construction within two years and operate the road and maintain it to a specified standard for eight years. The terms of the arrangement also require the Group to resurface the road when the original surface has deteriorated below a specified condition. The Group estimates that it will have to undertake the resurfacing at the end of year 8.

SFRS(I) INT 1-29.6

The terms of the arrangement allow the Group to collect tolls from drivers using the road. The toll fees are determined by the PRC government annually based on the projected volume of traffic. In addition, the PRC government guarantees the Group minimum amount of S$ XXX and interest at a specified rate of X% to reflect the timing of cash receipts. The Group forecasts that vehicle numbers will remain constant over the duration of the contract and that it will receive tolls of S$ XXX in each of the years during which it operates the tolls.

SFRS(I) INT 1-29.6A

The amount of revenue and profits recognised during the financial year for the construction services provided under the arrangement amounts to S$ XXX (201x: S$ XXX) and S$ XXX (201x: S$ XXX) respectively."

SFRS(I) INT 1-29.6
SFRS(I) INT 1-29.7

All aspects of a service concession arrangement shall be considered in determining the appropriate disclosures in the Notes to the financial statements. The operator and grantor shall disclose the following in each period individually for each service concession arrangement or in aggregate for each class of service concession arrangements. A class is a grouping of service concession arrangements involving services of a similar nature.

(a) A description of the arrangement;

(b) Significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows (i.e., the period of concession, re-pricing dates and the basis upon which re-pricing or re-negotiation is determined);

(c) The nature and extent (i.e., quantity, time period or amount as appropriate) of:

- (i) Rights to use specified assets;
- (ii) Obligations to provide or rights to expect provision of services;
- (iii) Obligations to acquire or build items of property, plant and equipment;
- (iv) Obligations to deliver or rights to receive specified assets at the end of the concession period;
- (v) Renewal and termination options; and
- (vi) Other rights and obligations (i.e., major overhauls);

(d) Changes in the arrangement occurring during the period; and

(e) How the service arrangement has been classified.

Appendix III – Other Disclosures to Notes to the Financial Statements

The following Other disclosures to Notes to the financial statements do not form part of the illustrative financial statements:

c) *Biological assets*

The following disclosure illustrates when an entity carries out agricultural activities such as sale of livestock.

SFRS(I) 1-41.43

Entities are encouraged, but not required, to provide a quantified description of each group of biological assets, distinguishing between consumable and bearer biological assets or between mature and immature biological assets. The basis for making such distinctions should be disclosed in that case.

"**Note X Biological assets**

Reconciliation of carrying value

SFRS(I) 1-41.50 - 51
SFRS(I) 13.93(e)

	Group	
	2021 *$'000*	*2020* *$'000*
At 1 January	*xx*	*xx*
Purchases	*xx*	*xx*
Sales	*(xx)*	*(xx)*
Net increase/(decrease) due to births/deaths	*xx*	*(xx)*
Gain/(loss) arising from changes in fair value less costs to sell	*(xx)*	*(xx)*
Effect of movements in exchange rates	*xx*	*xx*
At 31 December	*xx*	*xx*
Non-current	*xx*	*xx*
Current	*xx*	*xx*
	xx	*xx*

At 31 December 2021, livestock comprised xx cattle (2020: xx cattle). During the year, the Group sold xx cattle (2020: xx cattle).

SFRS(I) 1-41.41, 43, 46(b)(i)-(ii)

(i) Fair value hierarchy

The fair value measurements of livestock have been categorised as Level 2 fair values based on observable market sales data.

(ii) Valuation techniques

SFRS(I) 13.93(d), SFRS(I) 13.99

The Group's valuation techniques used in measuring Level 2 fair values are presented below.

Livestock

Livestock comprises cattle, characterised as commercial or breeders.

Market comparison technique: The fair values are based on the market price of livestock of similar age, weight, breed and genetic make-up."

Appendix III – Other Disclosures to Notes to the Financial Statements

The following Other disclosures to Notes to the financial statements do not form part of the illustrative financial statements:

d) Distributions of non-cash assets to owners

The following disclosure illustrates when an entity applies SFRS(I) INT 17 *Distributions of Non-cash Assets to Owners* in accounting for distributions of non-cash assets to owners of the Company.

"***Accounting policy***

Note X Share capital

"......................

Distribution of non-cash assets to owners of the company

SFRS(I) INT 17.11, 13

SFRS(I) INT 17.14

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. At the end of each reporting date and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised directly in equity as adjustments to the amount of the distribution. On settlement of the dividend payable, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in the profit or loss."

"Note X Non-current assets and non-current liabilities distributed to owners

SFRS(I) INT 17.16(a)

On xx, the Company's shareholders approved the distribution of all the shares in MS Pte Ltd, one of the Group's wholly-owned subsidiaries, to the Company's shareholders. The operation of MS Pte Ltd comprise the Group's electronics activities. The Group and the Company recognised a dividend payable of $xxx, being the fair value of the net assets to be distributed. On xxx, the shares were distributed. As at 31 December 20x1, the disposal group (MS Pte Ltd) comprised assets of $xxx and liabilities of $xxx.

	Group and the Company
	20x6
	$'000
Assets classified as held for distribution to owners	
Property, plant and equipment	*xx*
Intangible assets	*xx*
Trade and other receivables	*xx*
Inventories	*xx*
	xx
Liabilities classified as held for distribution to owners	
Trade and other payables	*(xx)*
Loans and borrowings	*(xx)*
	(xx)

SFRS(I) INT 17.16(b)

There was no change in the fair value of the assets to be distributed between the date the distribution was approved and the date that the dividend was settled."

Appendix IV – Illustrative critical accounting judgements and key sources of estimation uncertainty

The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, and by the significance of judgements and estimates made to the results and financial position of the entity.

(a) Judgements made in applying accounting policies

Sale and installation of energy-saving system equipment

"The sale of hardware equipment and rendering of installation service are sold in bundled packages where discounts are provided to customers. The Group determined that both the equipment and installation are capable of being distinct because:

- *The Group regularly sells both equipment and installation on a stand-alone basis which indicates that the customer can benefit from both products on their own.*
- *The promises to transfer the equipment and to provide installation are distinct within the context of the contract. The equipment and installation are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the equipment and installation together in this contract do not result in any additional or combined functionality and neither the equipment nor the installation modify or customise the other.*
- *In addition, the equipment and installation are not highly interdependent or highly interrelated, because the Group would be able to transfer the equipment even if the customer declined installation and would be able to provide installation in relation to products sold by other distributors.*

Accordingly, the Group allocates the transaction price to the sale of the equipment and installation service based on their relative stand-alone selling prices.

For discount provided to customers for the sale of the bundled packages, the Group allocates the discount proportionately to each performance obligation when allocating the transaction price. The revenue for the installation of the energy-saving equipment is recognised over time, based on the actual labour hours spent relative to the total expected labour hours. The Group has determined that such an input method provides a faithful depiction of the Group's performance in transferring control of the installation service to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred. "

Significant financing component in a contract with customer

"The Group enters into contracts with its customers to manufacture specialised energy-saving equipment which has lead time of two years. Under this contract, the Group offers two alternative payment options for the customer, i.e., payment of the transaction price equal to the cash selling price upon delivery of the equipment or payment of a lower transaction price when the contract is signed. The Group assessed that there is a significant financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of equipment to the customer, as well as the prevailing interest rates in the market. The Group determined that the interest to be applied to the amount of consideration (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance) is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception."

Appendix IV – Illustrative critical accounting judgements and key sources of estimation uncertainty (cont'd)

(a) Judgements made in applying accounting policies (cont'd)

Determination of functional currency

"The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices."

Assessment of lease terms

"The Group's lease contracts for buildings include lease extension options that the Group has the right to exercise. As at 31 December 20X2, the extension periods have been included in the lease term, and accordingly, future payments of S$XXX in the extension periods have been included in the computation of the Group's right-of-use assets and lease liabilities, because the Group has assessed that the exercise of these extension options is reasonably certain. In making this assessment, the Group has considered various factors including:

- *Value of leasehold improvements that will be forfeited if the lease is allowed to lapse by not exercising the extension options;*
- *Costs of finding, acquiring, and relocating to an alternative location if the lease is allowed to lapse as a result of not exercising the extension options; and*
- *Strategic value of the leased building to the Group, e.g., whether the building houses a flagship store or is situated in a strategic retail location.*

After the initial assessment, the Group reconsiders this assessment only upon a significant change of circumstances that is within the Group's control.

Details of lease extension options that are excluded from the Group's right-of-use assets and lease liabilities have been disclosed in Note xx."

Appendix IV – Illustrative critical accounting judgements and key sources of estimation uncertainty (cont'd)

(b) Judgements made in applying accounting policies (cont'd)

Disposal Group Held for Sale

"On 1 October 20X2, the Board of Directors announced its decision to dispose of the rubber segment consisting of MS Co. Ltd. and, therefore classified it as disposal group for sale. The Board considered the subsidiary met the criteria to be classified as held for sale at that date for the following reasons:

- *MS Co. Ltd. is available for immediate sale and can be sold to a potential buyer in its current condition.*
- *The Board had a plan to sell MS Co. Ltd. and had entered into preliminary negotiations with a potential buyer. Should negotiations with the party not lead to a sale, a number of other potential buyers have been identified.*
- *The Board expects negotiations to be finalised and the sale to be completed within 12 months.*

The carrying value of the disposal group held for sale as of 31 December 20X2 amounted to S$ XXX (20X1: S$ XXX). Further details are given in Note X to the financial statements."

Deferred taxation on investment properties

"For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under the business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal."

Discount rate used to determine the carrying amount of the Group's defined benefit obligation

"The Group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded."

Appendix IV – Illustrative critical accounting judgements and key sources of estimation uncertainty (cont'd)

(c) Key sources of estimation uncertainty

<u>MS Loyalty programme – stand-alone selling price</u>

"The Group estimates the stand-alone selling price of the loyalty points issued by multiplying the estimated redemption rate and the monetary value assigned to each MS loyalty point. The Group applies statistical projection methods to estimate the redemption rate based on historical redemption patterns. The redemption rate is revised regularly and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for the loyalty points and customers' preferences.

Under the MS loyalty programme, the loyalty points have no expiry date. Hence, the assessment of the stand-alone selling price is a significant estimate due to its significant uncertainty. As at 31 December 2021, the estimated liability for the unredeemed loyalty points was S$ XXX (20X1: S$ XXX). If the estimated redemption rate used had been higher/lower by X% than management's estimate, the carrying amount of the estimated liability at 31 December 2021 would have been higher/lower by S$ XXX (20X1: S$ XXX)."

<u>Deferred tax assets</u>

"Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has tax loss carry forwards amounting to S$ XXX (20X1: S$ XXX). These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiary has no temporary taxable differences which could partly support the recognition of deferred tax assets. Also, there is no tax planning opportunity available that would further provide a basis for recognition. If the Group was able to recognise all unrecognised deferred tax assets profit would increase by S$ XXX.

If deferred tax assets increased/decreased by X% from management's estimates, the Group's profit would increase/decrease by S$ XXX and S$ XXX respectively."

<u>Estimation of total contract costs – specialised machinery</u>

As at 31 December 20X2, S$XXX (20X1: S$XXX) of the Group's contract assets is subject to the estimation of progress towards completion using the input method. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised machinery. The measure of progress is determined based on input method which is based on the proportion of contract costs incurred to date to the estimated total contract costs. Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately. In making the estimate of these contract costs, management has relied on the expertise of the surveying engineers to determine the progress of the construction and also on past experience of completed projects. If the total contract cost of on-going contracts to be incurred had been higher/lower by XX% from management's estimates, the Group's revenue and contract assets would have been lower/higher by S$XXX and S$XXX respectively. If the total contract costs of on-going contracts to be incurred had been higher by XX% from management's estimates, a provision for onerous contracts of S$XXX would have been recognised.

Appendix IV – Illustrative critical accounting judgements and key sources of estimation uncertainty (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

Uncertain tax positions

"The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

The Group has significant open tax assessments with one tax authority at the reporting date. As management believes that the tax positions are sustainable, the Group has not recognised any additional tax liability on these uncertain tax positions. The maximum exposure of these uncertain tax positions is S$ XXX."

Revaluation of investment property under construction ("IPUC")

"IPUC is measured at fair value if it can be reliably determined. If fair value cannot be reliably determined, then IPUC is recorded at cost. The fair value of IPUC is determined using either the Discounted Cash Flow Method or the Residual method. However, using either method to value IPUC also requires considering the significant risks which are relevant to the development process, including but not limited to construction and letting risks.

Key judgements and assumptions used for valuing IPUC are set out in Note X to the financial statements. The carrying amount of the investment property under construction at the end of the reporting period is disclosed in Note X to the financial statements. If fair value increase/decrease by X% from management's estimates, the Group's profit will decrease/increase by S$ XXX and S$ XXX respectively."

Fair Value of Biological Assets

"Biological assets are measured on initial recognition and at each reporting date at their fair value less cost of disposal. The fair value calculation is based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the biological assets. Estimated cost of disposal include harvest costs, transportation cost and other related costs, measured at their appropriate market prices to be used as reference point in the relevant locations.

The Group has recognised a fair value gain (loss) of S$ XXX (20X1: S$ XXX) arising from changes in fair value less estimated costs to sell of its biological assets during the financial year. A X% difference in the fair value of these assets from management's estimates would result in approximately X% (201x: X%) variance in the Group's profit before tax."

Provision for decommissioning

"As part of the purchase price allocation for the acquisition of xx Limited in 201x, the Group has recognised a provision for decommissioning obligations associated with a factory owned by xx Limited. In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove all plant from the site and the expected timing of those costs.

The carrying amount of the provision as at 31 December 20X2 is S$ XXX (20X1: S$ XXX). If the estimated pre-tax discount rate used in the calculation had been X% higher than management's estimate, the carrying amount of the provision would have been S$ XXX lower."

Appendix IV – Illustrative critical accounting judgements and key sources of estimation uncertainty (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

Provision for Litigation

"The Group has recognised provision for litigation which will be settled after twelve months from the financial year of the Group as disclosed in Note X to the financial statements. In determining the amount of provision, assumptions and estimates are made in relation to discount rates, estimated cost to settle the litigation and expected timing of settlement. The Group has recognised provision of S$ XXX (201x: S$ XXX) for litigation during the financial year.

If the provision increases/decreases by X% from management's estimates, the Group's profit will decrease/increase by S$ XXX and S$ XXX respectively."

Provision for Warranty

"The Group provides five-year warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. Management estimates that related provision for future warranty claims based on historical warranty claim information, as well as the recent trends that suggest the past cost information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the group's productivity and quality initiatives, as well as parts and labour costs. As at 31 December 201x, the carrying amount of the warranties was S$ XXX (20X1: S$ XXX) as disclosed in Note xx Provisions.

If the provision increases/decreases by X% from management's estimates, the Group's provision for warranties would be an estimated S$XXX (20X1: S$ XXX) higher or lower and profit will decrease/increase by S$ XXX (201x: S$ XXX) respectively."

Provision for waste electrical and electronic equipment ("PWEEE")

"The Group recognises a provision for liabilities associated with the participation in the market for PWEEE in accordance with the accounting policy stated in Note X to the financial statements. The Group has made assumptions in relation to historical waste, regarding the level of market participation, the quantity of products disposed of and the expected cost of disposal. In relation to future waste, the Group has made assumptions about the age profile of products in the market and the cost of disposal.

At 31 December 20X2, the carrying amount of the provision PWEEE is S$ XXX (20X1: S$ XXX).

If the provision increases/decreases by X% from management's estimates, the Group's profit will decrease/increase by S$ XXX and S$ XXX respectively."

Estimating variable consideration for returns

"The Group estimates variable considerations to be included in the transaction price for the sale of electronics and appliance equipment and sale of health and beauty goods with rights of return. The Group applied a statistical model for forecasting sales returns. The statistical model is based on the historical return data of each product to estimate the expected return percentages. These percentages are applied to determine the expected value of the variable consideration. The Group expected that any significant changes in experience as compared to historical return pattern will impact the estimated return percentages. The assessment of expected returns is a significant estimate which is sensitive to changes in circumstances and historical experience regarding the expected returns. The Group revises its assessment of expected returns regularly and the refund liabilities are adjusted accordingly. As at 31 December 20X2, the refund liabilities for the expected returns are disclosed in Note xx. If the estimated return had been higher/lower by X% than management's estimate, the carrying amount of the estimated liability at 31 December 2021 would have been higher/lower by S$ XXX (20X1: S$ XXX)."

Appendix V – Illustrative disclosures of new and revised SFRS(I)s

The following illustrative disclosures summarise the key amendments to the revised financial reporting standards issued by the Accounting Standards Council (ASC) as at 30 September 2021.

Revised Singapore Financial Reporting Standards (International) not yet effective

Amendments to SFRS(I) 16 COVID-19 related rent concessions beyond 30 June 2021
The amendments extend the application period of the practical expedient in SFRS(I) 16 Leases by one year to assist lessees accounting for COVID-19-related rent concessions that reduce only lease payments due on or before 30 June 2022. The amendments are effective for annual reporting periods beginning on or after 1 April 2021, with early application permitted.

Amendments to SFRS(I) 1-16 Property, Plant and Equipment - Proceeds before Intended Use
The amendment clarifies that proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. The cost of producing those items should be recognised in profit or loss in accordance with SFRS(I) 1-2 Inventories. The amendments are effective 1 January 2022. Earlier application is permitted.

Amendments to SFRS(I) 1-37 Provisions - Onerous Contracts - Cost of Fulfilling a Contract
This amendment clarifies that, for the purpose of assessing whether a contract will be loss-making, the direct cost of fulfilling a contract comprises:

- *The incremental costs of fulfilling that contract (e.g., direct labour and materials); and*
- *An allocation of other costs that relate directly to fulfilling contracts (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract among others).*

Before a separate provision for an onerous contract is established, the amendment requires an entity to recognise any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The amendments are effective 1 January 2022. Earlier application is permitted.

Amendments to SFRS(I) 3 Business Combinations - Reference to the Conceptual Framework
These amendments update a reference in SFRS(I) 3 to the revised 2018 Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendment also provides a new exception for liabilities and contingent liabilities. The exception states that an entity should refer to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets or SFRS(I) INT 21 Levies if they were incurred separately, rather than the 2018 Conceptual Framework. In addition, the amendment clarifies that the acquirer should not recognise contingent assets at the acquisition date. The amendments are effective 1 January 2022. Earlier application is permitted.

Annual Improvements to SFRS(I)s/FRSs Standards 2018-2021
SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)
The amendment permits a subsidiary that applies paragraph D16(a) of SFRS(I) 1 to measure cumulative translation differences at the carrying amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to SFRS(I)s. A similar election is available to an associate or joint venture that uses the exemption in paragraph D16(a). The amendment applies to annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

SFRS(I) 9 Financial Instruments - Fees in the '10 per cent' test for derecognition
This amendment clarifies that, in applying the derecognition test for financial liabilities under paragraph B3.3.6 of SFRS(I) 9, a borrower includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment applies to annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

SFRS(I) 1-41 Agriculture – Taxation in Fair Value Measurements
This amendment clarifies that when measuring the fair value of a biological asset using a present value technique, the present value technique should incorporate taxation on a consistent basis, either by discounting after-tax cash flows using an after-tax discount rate, or pre-tax cash flows using a pre-tax discount rate. The amendment applies to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

Appendix V – Illustrative disclosures of new and revised SFRS(I)s

The following illustrative disclosures summarise the key amendments to the revised financial reporting standards issued by the Accounting Standards Council (ASC) as at 30 September 2021.

Revised Singapore Financial Reporting Standards (International) not yet effective

Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
The amendments require that the classification of liabilities as current or non-current must be based on rights that are in existence at the end of the reporting period. The classification is unaffected by management's intentions or expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments clarify that a counterparty conversion option that is recognised separately as an equity component of a compound financial instrument does not affect the classification of the associated liability component as current or non-current. All other obligations to transfer equity instruments, cash, assets and liabilities, affect the classifications. The amendments are effective for annual periods beginning on or after 1 January 2023 and should be applied retrospectively. Early application is permitted.

Amendments to SFRS(I) 1-1: Disclosure of Accounting Policies and SFRS(I) Practice Statement 2 Making Materiality Judgements
The amendments require entities to disclose their material accounting policies information rather than their significant accounting policies. It clarifies that accounting policy information may be material because of its nature, even if the related amounts are immaterial. Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. If an entity discloses immaterial accounting policy information, such information must not obscure material accounting policy information. The amended SFRS(I) Practice Statement 2 explains and demonstrates the application of the materiality process to accounting policy disclosures. The amendments to SFRS(I) 1-1 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a new definition of accounting estimates. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The amendments to SFRS(I) 1-8 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in SFRS(I) 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

Appendix VI – Corporate Governance Changes Effective for Financial Years Beginning On or After 1 January 2019

Key amendments to the Code of Corporate Governance (CCG or Code) and the SGX Listing Rules (Main Board) and SGX Listing Rules (Catalist) (collectively, "SGX LR") are summarised below:

Summary of Corporate Governance changes

1. "Comply or Explain" Regime

SGX Mainboard Rule 710/Catalist Rule 710

SGX LR is amended to clarify the "comply or explain" approach. SGX LR clarifies that it is mandatory to:

- comply with Principles in the Code;
- disclosure deviations from Provisions of the Code, together with reason for variation and how the listed company's practices remain consistent with underlying Principle.

2. Director independence rule

SGX Mainboard Rule 210(5)(d)(i),(ii)/Catalist Rule 406(3)(d)(i),(ii)

(a) Key tests of director independence made mandatory by shifting them to SGX LR. Directors are not independent if:

i. employed by listed company or related companies in current or any of past 3 years; or

ii. have immediate family members in such employment whose remuneration is determined by the Remuneration Committee (RC) of the listed company.

SGX Mainboard Rule 210(5)(d)(iii)/Catalist Rule 406(3)(d)(iii)

(b) From 2022, SGX LR also stipulates that directors are not independent if they have been directors exceeding nine years, unless their appointment is approved in both:

i. resolution by all shareholders; and

ii. resolution by all shareholders excluding those who also serve as directors or Chief Executive Officer (CEO), and their associates.

Revised CCG Provision 2.1

(c) Shareholding threshold for director independence lowered from 10% to 5%, which aligns with the "substantial shareholder" threshold in Companies Act and Securities and Future Act.

Revised CCG Provision 4.4

(d) Onus placed on Nominating Committee (NC) to determine if a director is independent based on overarching definition in provision 2.1 of the Code, i.e.

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

3. Board composition

Revised CCG Provisions 2.2, 2.3, 2.4

(a) Where Chairman is not independent, the Board should comprise a majority of independent directors, increased from current requirement for "at least half" to be independent.

Note: The Chairman is not independent when (i) he or she is not an independent director, (ii) he or she is also the CEO, (iii) he or she and the CEO are immediate family members as defined in the Listing Manual of the Singapore Exchange (i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent), (iv) he or she and the CEO have close family ties with each other (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) as determined by the Nominating Committee, or (v) he or she is part of the Management team.

(b) The Board must comprise a majority of non-executive directors.

(c) Enhanced disclosures in annual report on Board diversity policy (including objectives) and progress made in achieving this policy.

SGX Mainboard Rule 210(5)(c)/Catalist Rule 406(3)(c)

(d) Requirement for at least one-third of Board to be independent is shifted to the SGX LR and becomes mandatory in the SGX LR from 2022 onwards. If an Independent Director retires or resigns and the company is unable to meet the new requirement, the company should endeavour to fill the vacancy within two months, but in any case, not later than three months.

4. Remuneration disclosures in annual report

Revised CCG Principle 8
Revised CCG Provision 8.2

i. Relationship between remuneration, performance and value creation; and

ii. Names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year (revised from S$50,000 currently), in bands no wider than S$100,000 (revised from S$50,000 currently), stating clearly the employee's relationship with the director/CEO/substantial shareholder.

Appendix VI – Corporate Governance Changes Effective for Financial Years Beginning On or After 1 January 2019

Key amendments to the Code of Corporate Governance (CCG or Code) and the SGX Listing Rules (Main Board) and SGX Listing Rules (Catalist) (collectively, "SGX LR") are summarised below:

Summary of Corporate Governance changes

Revised CCG Provision 10.3

5. Audit Committee
New provision is introduced that a former partner or a director of the company's existing auditing firm or auditing corporation should not serve in the audit committee:
   i. within a period of two years (revised from 12 months currently) commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case,
   ii. for as long as they have any financial interest in the auditing firm or auditing corporation.

Revised CCG Principle 13, Provisions 13.1 to 13.3

6. Stakeholders engagement
New Principle for companies to consider and balance the needs and interests of material stakeholders, with accompanying Provisions to establish arrangements to identify such stakeholders and disclose stakeholder relationships in annual report.

SGX Mainboard Rule/Catalist Rule

7. Other changes to SGX LR
The following additional requirements are shifted/incorporated into SGX LR and made mandatory:

719(3)/719(3)
(a) Establishment and maintenance of an effective internal audit function on an ongoing basis, that is adequately resourced and independent.

210(5)(e)/406(3)(e)
(b) Establishment of NC, RC and Audit Committee (AC), with written terms of reference which clearly sets out the authority and duties.

210(5)(a)/406(3)(a)
(c) Prescribed training for a director with no prior experience as director of a listed company. If the NC views that training is not required because the director has other relevant experience, the basis of this assessment should be disclosed.

720(5)/720(4)
(d) Submission of directors for re-nomination and re-election at least once every three years.

720(6)/720(5)
(e) Prescribed information of directors submitted for the first-time appointment or re-appointment at a general meeting should be provided in the notice of meeting, annual report or relevant circular distributed to shareholders prior to the general meeting. The outcome of the shareholder vote must be announced.

704(24)/704(23)
(f) Disclosure of reasons where directors decide not to declare or recommend a dividend.

(g) Disclosures in the annual report:

1207(10A)/1204(10A)
   i. Relationship between Chairman and CEO if they are immediate family members.

1207(10B)/1204(10B)
   ii. Identification of each director considered to be independent.

610(5)/407(4)(b) 1207(10)/1204(10)
   iii. Board's comment on the adequacy and effectiveness of internal controls (including financial, operational, compliance and IT controls) and risk management systems, with a statement on whether AC concurs with the above comment. Material weaknesses identified by board or AC together with steps taken to address them.

1207(10C)/1204(10C)
   iv. AC's comment on whether the internal audit function is independent, effective and adequately resourced.

Appendix VII – ACCOUNTING IMPLICATIONS OF COVID-19

Key areas of concerns of accounting and disclosures requirements are summarised below:

Subsequent Events
In view of the dynamic and evolving COVID-19 situation, companies should carefully assess if they are affected or expected to be impacted by the developments of COVID-19 after the end of the reporting period. The consideration is whether the impact of events that existed as at the end of the reporting period would be adjusting events after the balance sheet date or not. SFRS(I) 1-10 *Events after the Reporting Period* requires that an adjusting event as an event that provides evidence of conditions that existed at the end of the reporting date. A non-adjusting event indicates conditions that arose after the reporting date.

If an entity concludes an event is a non-adjusting event, the entity is required to disclosure if material. Such disclosure should be detailed and entity specific, including the nature of the event and an estimate of its financial effect.

Aside from that, events after the end of reporting date sometimes provide additional information about the doubts that existed at the reporting date. For example, the bankruptcy of a customer that occurs after the reporting date usually confirms that the customer was credit-impaired at the end of the reporting date.

Going concern assumption
Entities should assess the entity's ability to continue as a going concern, considering all available information about the future (including the impact of COVID-19), which is at least 12 months from the date when the financial statements are authorised for issue.

If an entity concludes that there are material uncertainties that cast doubt on the entity's ability to operate as a going concern, SFRS(I) 1-1 requires management to disclose the significant judgements made in the assessment of the existence of a material uncertainty. This will be particularly relevant should the financial statements be prepared on another basis than the going concern basis.

Other disclosures
Entities should ensure appropriate and clear disclosures are made for the impact of COVID-19 after the reporting date on the carrying amount of assets and liabilities. This includes adequacy of disclosures for, but not limited to:

- changes in the business or economic circumstances that affect the fair value of the entity's financial and non-financial assets and liabilities.
- changes in key assumptions and sensitivities (e.g., growth forecasts, discount rates) that may impact impairment assessments of non-financial assets such as goodwill, other intangible assets, property, plant and equipment, right of use assets and investment properties.
- fair value measurement. The fair value should reflect market participant views and market data at the measurement date under current market conditions.
- appropriateness of the use of going concern assumption.
- potential effect of uncertainties on revenue recognition, e.g., estimates of variable consideration and modified contracts.
- potential revision of the remaining useful life and residual value for under-utilised or idled property, plant and equipment.
- potential inventory write-down to net realisable value.
- Loan defaults or covenant breaches which may affect the classification of a liability as current or non-current as well as the impending liquidity shortfall which might affect an entity's ability to continue as a going concern.
- credit risk of receivables, especially those negatively impacted by COVID-19 when updating the expected credit loss calculations.
- insurance recoveries.

Appendix VIII – ILLUSTRATIVE DISCLOSURES ON ESTIMATION UNCERTAINTY - COVID-19

In light of the COVID-19 pandemic situation, management should carefully assess the COVID-19 impact to its operations and business environment which is an indicator of impairment for non-financial assets and financial assets. For the impairment assessment of non-financial assets, cash flows forecasts should be updated to reflect the industry and business outlook, and changes in business model in short-term and long-term.

SFRS(I) 1-1 *Presentation of Financial Statements* requires to disclose the major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the financial statements in a subsequent period. Meaningful disclosures for changes in the impairment models and revised key inputs in the assumptions should be disclosed to provide useful information to users of the financial statements.

Key sources of estimation uncertainty

Note 4(b)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the estimation of future cash flows that are expected to arise from cash-generating units, discount rates and other variables.

For the goodwill impairment analysis, the discounted cash flow models reflect management's assumptions regarding revenue growth rates, economic and market trends including deterioration from the current COVID-19 pandemic, cost structure, and other expectations about the anticipated short-term and long-term operating results of the reporting units. For [CGU X], [*provide details of the changes in the key inputs and assumptions in the expected cash flows, for example, the discount rate of XX % and the terminal growth rate of XX % were key assumptions utilised in the discounted cash flow. Management decreased the forecast sales.....]*.

As a result of the impairment testing, [CGU X], the Group has recognised an impairment charge on its goodwill of $XXX during the financial year. Further details of the specific estimates and the sensitivity analyses of these estimates are provided in Note XX.

Loss allowance for trade receivables and contract assets

The Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime expected credit losses (ECLs). The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables based on characteristics which have historically influenced asset recoverability, such as credit ratings, customer-industry group and customer geography, and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward-looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables and contract assets. At every reporting date, the historical default rates are updated and the impact of forward-looking information is re-analysed. This assessment is subject to significant uncertainty as the estimation of ECL is sensitive to changes in future circumstances and economic conditions

The level of estimation and judgement used in the ECL calculation has increased as a result of COVID-19 outbreak. The Group performed debtor-specific assessment of the ability of the individual debtors to pay based on the age profile of the balances, payment history, status of negotiations with debtors and other external information available to management. The Group also determined default rates to be applied against the gross carrying amount of each debtor, based on the above assessment, and are adjusted for forward-looking factors specific to the debtors and the economic environment, including the potential impact of the COVID-19 pandemic on the industry. *[provide details of how the Group compute the ECL after taking into consideration of the COVID-19 impact].* The Group recognised a loss allowance of $XXX as at 31 December 2021 for trade receivables.

In calculating the expected credit loss rates, the Group has considered forward-looking factors such as macroeconomic data and external information including the potential impact of the COVID-19 pandemic. Information about ECLs on trade receivables and contract assets are disclosed in Note XX.

Appendix IX – EFFECTS OF CLIMATE-RELATED MATTERS ON FINANCIAL STATEMENTS

In November 2020, the International Financial Reporting Standards (IFRS) Foundation has published educational material to address stakeholders' concern on how existing requirements in IFRS Standards require companies to consider climate-related matters when their effect is material to the financial statements. Entities in sectors particularly affected by climate-related risks would need to consider disclosing those climate-related matters in their financial statements.

As the IFRS Standards do not refer explicitly to climate-related matters, entities should refer to the **IFRS Practice Statement 2 Making Materiality Judgements** when considering whether the effects of those matters is material in the context of the financial statements taken as a whole. The list as provided in the education material is non-exhaustive and entities should make an appropriate assessment of how climate-related risks impact their financial reporting. Some key areas where climate-related considerations may be included in judgements and estimates are listed below:

- Going concern;
- Effect of climate-related risks into the impairment model of non-financial assets;
- Changes in the useful lives and residual values of assets;
- Changes in expected credit losses for financial assets.
- Measurement of net realisable value of inventories;
- Fair value measurement – how the climate-related risks are incorporated in the key assumptions of fair value, including the effect of and potential changes to laws and regulations with respect to managing such risks;
- Recognition or measurement of provisions or contingent liabilities, e.g., due to increased in compliance costs or reduced demand or arising from fines or penalties; or
- Recognition and measurement of deferred income tax assets;
- Financial risk management.

The above disclosures must be tailored to suit the particular circumstances of the entities.

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