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

# Building Resilience

Annual Report 2020

**Committed to Excellence, Dedicated to Delivering Results**
We constantly aim for excellence in all we do. Our expertise, experience and market insights enhance our ability to produce healthy bottom lines.

Grandeur Park Residences, Singapore

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# CORPORATE PROFILE

Chip Eng Seng Corporation Ltd. ("Chip Eng Seng" or the "Company") was incorporated in Singapore on 23 October 1998 as a private limited company under the name "Chip Eng Seng Corporation Pte Ltd". It was subsequently converted into a public limited company and changed its name to "Chip Eng Seng Corporation Ltd." on 3 November 1999. Chip Eng Seng has been listed on the Main Board of the Singapore Exchange Securities Trading Limited since 24 November 1999.

Chip Eng Seng had its beginnings as a subcontractor for conventional and landed properties in Singapore in the 1960s. Today, Chip Eng Seng and its subsidiaries (together, the "Group") is an established homegrown construction and property development group in Singapore. The core business segments of the Group are Construction, Property Development, Hospitality, Education, and Property Investment. The Group's operations are also geographically diversified in the Asia-Pacific region, with a key focus on Singapore and strategic presence in Australia, Malaysia, Maldives and the People's Republic of China.

Over the years, the Group's construction business segment has broadened its spectrum from building works for public and private residential projects to include production of precast and prefabricated prefinished volumetric construction building components and high value infrastructure and civil engineering projects. Most recently in December 2020, the Group further enhanced its infrastructure and civil engineering capabilities by acquiring a fully integrated engineering, procurement, construction and maintenance contractor whose capabilities include the design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions.

The Group has been in the property development business since 2000. The Group engages in the development of quality residential, industrial, commercial and mixed-use projects. Since 2002, the Group has ventured beyond Singapore by acquiring and developing sites in Australia for residential projects and mixed-use projects with a residential component. Notable completed residential projects include, in Singapore – High Park Residences at Fernvale Road (which is the Group's most sizeable development project to date in terms of number of units), Grandeur Park Residences at Bedok South Avenue 3 and Fulcrum at Fort Road, and in Australia – Williamsons Estate and Willow Apartments in Victoria.

Tseung Kwan-O Campus, Invictus Hong Kong

Meanwhile, the Group's hospitality asset portfolio has expanded substantially within a short span of time since it made its first foray into the hospitality sector in 2015. In addition to its first hospitality asset, Park Hotel Alexandra in Singapore, the Group's stable of hotel properties now include the Grand Park Kodhipparu Resort in the Maldives, The Sebel Mandurah Hotel in Perth, Australia, and the Grosvenor Hotel Adelaide in Australia. The Group also has two upcoming hotels in the pipeline, namely, a new Hyatt Regency Hotel to be constructed in Adelaide, Australia, and a five-star resort to be constructed in the Maldives.

To further diversify the Group's businesses and income base, the Group ventured into the education sector in 2018. The Group's holding company for its education business segment is now known as Sing-Ed Global Schoolhouse Pte. Ltd. (previously CES Education Pte. Ltd.), to reflect the Singapore core of the education business and at the same time, the positioning and branding of the business as an education provider with global aspirations. The Group's education business now has geographical presence in Singapore, Cambodia, Hong Kong SAR, Malaysia, the People's Republic of China and (through joint venture company) Israel and the United States of America. Its scope ranges from operating pre-schools, K-12 international schools and enrichment centres as well as investments in education technology companies.

The Group's property investment business comprises a diverse spread of income-producing properties such as shophouses, commercial and industrial properties in Singapore, Australia and New Zealand. The investment properties are held by the Group for rental income and long-term capital appreciation.

Park Colonial, Singapore

# JOINT MESSAGE BY CHAIRMAN AND CEO

Dear Shareholders,

For more than 40 years, Chip Eng Seng has been seizing opportunities to grow steadily.

The resources and expertise built up over the years stood us in good stead in 2020 when, like many companies across the world, we were battered by headwinds brought about by the COVID-19 pandemic.

## SURMOUNTING COVID-19 HURDLES

The disruption to the local and global economy and business operations as well as changes to working arrangements and lifestyles brought about by the COVID-19 pandemic adversely impacted all pillars of our business in varying degrees. Except for our Education business segment, the other key pillars of our business – Property Development, Construction, Hospitality and Property Investment – saw lower revenue growth.

Travel restrictions and international border closures hit our Hospitality business segment hard, and disruptions to supply chains, manpower shortages, and work stoppages also impeded ongoing projects undertaken by our Property Development and Construction business segments.

We were, however, nimble in implementing cost containment measures to preserve our cashflow, by prioritising key projects and deferring non-strategic investments and non-essential capital expenditures. We also recalibrated certain of our business plans and divested some investments for more accretive opportunities in the future.

In our core markets which saw Singapore introducing circuit breaker measures, Malaysia imposing the Movement Control Order, and Australia enforcing various lockdowns, we worked closely with the relevant authorities to comply with their virus containment measures and looked after our people. To ensure the efficacy of stay home notice and work from home arrangements, we provided suitable IT equipment and facilities to our staff. Both in offices and at construction sites, we implemented safe management measures.

## UNPRECEDENTED NET LOSS

Given the headwinds in FY2020, revenue fell 36.1% to $674.6 million in FY2020, compared to $1.06 billion in FY2019. The Group posted a net loss of $78.5 million in FY2020, compared to the net profit of $32.6 million in FY2019. This is the first time in the Group's operating history since its listing that it has recorded a net loss.

On a more positive note, our Education business segment saw its revenue increase by 87.8% compared to FY2019 and sales of our Property Development projects in Singapore have continued to remain healthy in FY2020.

While our balance sheet is still in the black, our gearing edged up to 1.74 times as at 31 December 2020 due to the net loss recorded, compared to 1.50 times as at 31 December 2019.

Tampines Neighbourhood 8 Contract 31, Singapore

## YEAR IN REVIEW

### Property Development

Revenue fell 41.4% in FY2020 to $464.2 million, from $792.0 million in FY2019. The financial performance of this business segment was adversely affected by the COVID-19 pandemic. During Singapore's circuit breaker period, construction works came to a standstill at our development sites. Our projects at Grandeur Park Residences, Park Colonial and Parc Komo were affected by the closure of their construction sites for several months and did not manage to achieve their construction milestones. This affected revenue recognition and progressive payments from property buyers. Construction works for Kopar at Newton commenced only after the end of the circuit breaker period.

On the supply side, we found it challenging to acquire new sites in FY2020 because of limited supply from Government Land Sales and increased competition from local and foreign developers.

One of our strategic initiatives has been to optimise capital efficiency by divesting certain non-strategic or non-core assets or assets which do not contribute significantly to our revenue and profitability, as and when opportunities arise. In that way, we can realise capital gains and re-deploy capital for new assets which have better upside potential in terms of yield and capital appreciation. In line with this strategy and taking into account the impact of the COVID-19 pandemic on Melbourne's real estate sector, we entered into an agreement in December 2020 to sell our development site located at Gladstone Street in South Melbourne. The sale was completed on 31 March 2021.

### Construction

Revenue slipped 12.1% to $144.6 million in FY2020, compared to $164.4 million in FY2019. In general, revenue contribution from this business segment was adversely affected as the stoppage and subsequent slow resumption of work caused delay to project schedules, hampered workers' productivity and consequently, increased project costs.

The bulk of our construction activities were not deemed essential services, and were thus not allowed to continue during Singapore's circuit breaker period. When the work stoppage was lifted, we worked closely with the Building and Construction Authority, Ministry of Manpower and Ministry of Health to implement safe management measures in order for works to resume at our construction sites. It took a significant amount of time and resources to implement these measures and our construction projects were thus only able to gradually resume work around October 2020.

Border control measures implemented in Singapore and overseas also disrupted global supply chains of building materials and equipment while quarantine and movement restrictions of workers gave rise to manpower shortages.

Construction demand was generally low, particularly for the second and third quarters of FY2020. We managed to secure three public sector projects in the first quarter of FY2020, with aggregate contract value of approximately $758.3 million. Thereafter, it was only towards the end of FY2020 that we managed to secure two more new projects, with aggregate contract value of approximately $50.7 million.

On a more positive note, we managed to obtain extensions of time for our affected projects. Reliefs provided by the Singapore Government in the form of rebates, waiver of foreign worker levies and wage support have helped to defray part of our operating costs. In addition, certain project owners have also allowed us to submit advance progress claims which helped to ease cashflow for this business segment.

William Penn Academy, Shanghai, China

### Hospitality

Revenue from our Hospitality business segment fell 55.7% in FY2020 to $34.6 million, compared to $78.2 million in FY2019. This was mainly due to international travel coming to a near-standstill during the height of the COVID-19 outbreak and generally low travel demand throughout the year. The adverse impact of the COVID-19 pandemic on our hotel operations has also affected the valuation of our hotel properties, to which significant impairment losses for FY2020 have been recorded.

Our hotels in Singapore, Australia and the Maldives experienced declining occupancy rate and revenue from February 2020 onwards as the COVID-19 outbreak escalated into a worldwide health crisis.

We contained operating costs by temporarily closing non-essential facilities, suspending non-essential amenities and services as well as cutting back on manpower and work hours. In addition, we closed a smaller section (comprising 65 rooms) of our hotel in Adelaide, Australia and de-branded the hotel in February 2021 (previously branded as Mercure and Ibis Styles). The hotel is now known as the Grosvenor Hotel Adelaide and continues to be managed by Accor. We will continue our cost containment measures until there is significant recovery in this sector.

We have deferred commencement of construction works for our hotel development projects to the second half of 2021. The targeted timelines for commencement of operations of these new hotels are expected to coincide with the period when international travel and tourism are projected to return to normalcy.

### Education

Revenue for our Education business segment leapt 87.8% to $25.9 million in FY2020, compared to $13.8 million in FY2019, mainly due to contributions from our Invictus international school (Dempsey Hill campus, Singapore) and our K-12 international school in Johor Bahru, Malaysia (Repton Malaysia).

# JOINT MESSAGE BY CHAIRMAN AND CEO

This business segment was nevertheless not spared from the effects of the COVID-19 pandemic. In FY2020, the COVID-19 pandemic has in part delayed the licensing and completion of renovation works for new schools that were in the pipeline. This in turn affected our ability to market these schools and secure enrolment numbers. The COVID-19 pandemic also slowed down the growth of student enrolment in the Group's existing schools.

We weathered the challenges by maintaining our quality of education and being nimble to conduct online lessons during school closures. We were cognisant of the financial burden faced by families whose incomes were affected by the COVID-19 pandemic. To this end, we adopted measures to reduce, or in certain cases, waive school fees. Such measures have helped to retain existing students as well as attract new students from competing international schools which charge higher school fees.

On a more positive note, those schools which were awaiting regulatory approvals have received the required licences in the last quarter of FY2020. We have also seen gradual recovery in student enrolment towards the later part of FY2020.

### Property Investments & Others

Historically, while the rental income generated from the Group's investment properties has been stable, such income does not contribute significantly to the Group's revenue.

Revenue slid 27.3% to $5.3 million in FY2020, compared to $7.3 million in FY2019, largely due to lower occupancy at CES Centre in Singapore and rebates given to tenants under Singapore's Rental Relief Framework. CES Centre's lower occupancy in FY2020 led to a decline in its valuation and the property recorded a significant impairment loss.

The occupancy rates of our other investment properties have remained relatively stable in FY2020.

## SUSTAINABILITY

The COVID-19 pandemic has given rise to even more pressing needs for sustainable development. In particular, there is a call for action on protecting the environment and mitigating climate change. The Singapore Green Plan 2030, unveiled by the Singapore Government in February 2021, has firmly established a 10-year national agenda for sustainable development and transition to a lower-carbon economy in Singapore. The Green Plan also reaffirms Singapore's commitment to supporting the United Nation's Sustainable Development Goals and Paris Agreement on climate change. At Chip Eng Seng, we are supportive of the government's long-term net-zero emissions aspirations. We are doing our part by staying focused on minimising material environmental impact and adopting policies that advance the well-being of our people and the community. We have embraced specific sustainability targets to measure our progress. We encourage you to read our sustainability report, included in this Annual Report, to learn more about our sustainability efforts.

Toa Payoh Bidadari Contract 6 & Contract 7, Singapore

## OUR PEOPLE AND SUCCESSION PLANNING

Our people have always been at the heart of our success. Reflecting our appreciation of them, we ensured compliance with precautionary measures introduced by the authorities in the markets where we operate to keep our people safe. That included work from home arrangements and rostering work schedules to minimise staff-to-staff interaction and contact.

Meanwhile, we have not been letting up on recruiting new talents to bolster our team. With an eye on sustaining our growth in the future amidst increasing competition and fast-paced developments, we have also been working on succession planning.

We added further expertise to our Board of Directors in FY2020 when we appointed Prof Yaacob Bin Ibrahim as Independent Director. Our Board will benefit from tapping on Prof Yaacob's previous experience, both within and outside Government, particularly in the engineering and sustainability sectors, which are areas of increasing importance to our businesses. As part of the Board succession plan, Mr Ang Mong Seng who has been our Independent Director since 2003 has decided to retire at the forth-coming annual general meeting. We thank Mr Ang for his significant contributions and guidance over the past 18 years.

Moving ahead in the new normal, we will continue to be agile and resilient in the face of new challenges.

## PROMISE AND APPRECIATION

The Group has been proactive in reinventing its businesses to create new growth areas, as evidenced by its diversification into the education business in 2018, and augmenting its construction business segment to extend its capabilities to civil engineering and infrastructure projects. In 2021, we will continue exploring new ventures that show promise of sustainable growth and recurring income. We will also keep embracing innovations and tapping synergies across all of our five business segments to buttress our businesses and ensure our continued resilience and growth in the long term. Let us now take this opportunity to thank all our people for their dedication and hard work last year. We also wish to thank all our shareholders, customers, suppliers and business partners for standing by us in turbulent times.

Lastly, in appreciation for the continued support from our shareholders, we are proposing a first and final dividend payment of 2 cents per share for FY2020.

Your faith and support in us spur us on to overcome challenges and emerge stronger and ready to scale new heights.

Thank You.

**Mrs CELINE TANG**
Non-Executive Chairman

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

# OUR BUSINESS

## PROPERTY DEVELOPMENT

The Group's wholly-owned subsidiary, CEL Development Pte. Ltd. ("CEL"), is the holding company for its property development business. CEL is responsible for evaluating and acquiring potential sites and projects for development and investment. Through CEL, the Group has over the years assembled a diversified portfolio mix that encompasses residential, commercial and industrial properties.

In the early years of its inception, CEL gained significant experience through partnering reputable foreign funds and established developers to develop private residential projects. The success of these projects helped to raise its profile.

Over the years, CEL has developed the capability to manage development projects on its own. Where it is more feasible, CEL has also entered into joint ventures with other developers to develop large-scale projects in Singapore, such as High Park Residences and Park Colonial. CEL has a majority interest in both of these projects.

In 2020, CEL launched two residential developments for sale, Kopar at Newton in Singapore and 28 Lyall in South Perth, Australia. The latter development is a joint venture project with an Australian partner. CEL holds the majority stake in the joint venture.

Apart from the above, CEL's other on-going development projects in Singapore are Park Colonial and Parc Komo. Grandeur Park Residences received its Temporary Occupation Permit in December 2020 and has been fully sold as of January 2021. The Group is in the process of handing over the units to the purchasers.

Further afield, CEL has also been successful with a number of development projects in Australia. In 2018, CEL completed its development project in Doncaster, Melbourne, being the Williamsons Estate (comprising 104 townhouses) and the Willow Apartments (comprising 64 apartments). The townhouses and apartments have been fully sold.

The Group remains committed to seeking property development opportunities in Singapore and other surrounding regions to expand its real estate portfolio.

## CONSTRUCTION

### Building Works

The Group conducts its building works construction business through two wholly-owned subsidiaries, Chip Eng Seng Contractors (1988) Pte Ltd ("CESC") and CES Engineering & Construction Pte. Ltd. ("CESE").

CESC undertakes construction work primarily for public and private housing projects. In March 2020, CESC was awarded a $98.7 million contract from the Housing & Development Board ("HDB") to undertake building works at Tampines Neighbourhood 8 Contract 31, which include the construction of six blocks, connecting linkways and linkbridges, a multi-storey car park, precinct pavilions, a roof garden and a childcare centre.

Bidadari Contract 8 & Contract 9, Singapore

CESE undertakes construction work for both public and private housing projects, as well as industrial and commercial projects. In December 2020, CESE was awarded a $32.9 million contract from HDB for the design and build of upgrading projects for certain blocks at Serangoon Avenue 1 / Central, Lengkong Tiga and Ubi Avenue 1.

As testament to their established operating track records, CESC and CESE have consistently attained the A1 classification for general building contractors. This classification – the highest tier set by the Building and Construction Authority ("BCA") for general building contracting works – allows a contractor to bid for public sector projects with an unlimited contract value. CESC and CESE also respectively attained A2 and B2 gradings as civil engineering contractors, which means they can bid for public sector projects with values of up to $85 million and $13 million respectively.

### Precast

The Group's precast concrete works and prefabricated prefinished volumetric construction ("PPVC") businesses are primarily carried out by its wholly-owned subsidiary, CES-Precast Pte. Ltd. ("CESP"). CESP produces its precast and PPVC components from two locations – in a 538,196 square feet precast plant in Johor Bahru, Malaysia ("Senai Plant"), and in its recently acquired industrial facility in Tech Park Crescent, Singapore, which has a gross floor area of approximately 107,373 square feet and a site area of approximately 85,764 square feet ("Tech Park Crescent Facility"). The Tech Park Crescent Facility was acquired in September 2020 to complement the Senai Plant in order to bolster CESP's capacity to produce precast and PPVC building components to meet the growing demand for such components. Increased production capabilities will correspondingly increase CESP's capacity to tender for a greater volume of public sector projects of larger scale, to supply more precast and PPVC components to the Group's building and infrastructure and construction businesses, and undertake additional projects for other main contractors of building and infrastructure projects.

In the last quarter of 2020, CESP was awarded a $17.8 million contract for the supply, fabrication and delivery of certain precast concrete components for HDB's proposed housing development at Punggol East (Punggol East Contract 48 and Common Green). The contract was awarded by the main contractor for the balance of works relating to the HDB project.

CESP is qualified to bid for public sector prefabrication contracts with uncapped values as it is currently registered with the BCA under the registration head, CR10B "Precast Concrete Works" and Financial Category L6. In October 2020, CESP also qualified as an Approved Materials Supplier for HDB projects.

### Infrastructure and Civil Engineering

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

CES_SDC was acquired by the Group in December 2019 with a view to extend the footprint of the Group's construction business to, among other things, building, construction and construction management businesses in respect of competitive construction tender projects in Singapore. CES_SDC's capability and track record also enhances the ability of the Group to participate in tenders for a broader range of projects, such as civil engineering and building infrastructure projects.

CES_SDC offers a wide spectrum of engineering and construction capabilities, including the ability to customise solutions for the diverse needs of its clients. Its current projects include the ongoing development of Changi East to enable 3-runway operations at Singapore Changi Airport (Package 2), the building of the MRT Thomson Line tunnels and Marina South Station, and the erection of foundations, earth retaining structures, soil stabilisation and bulk excavation for Changi Water Reclamation Plant (Phase 2).

CES_SDC secured two significant projects in 2020. In February 2020, it was awarded a $226.6 million contract from the Land Transport Authority to design and construct Gek Poh Station and Tawas Station (working names), and two associated viaducts for the Jurong Region Line. In March 2020, it was awarded a $433 million contract from the PUB (Singapore's National Water Agency) to build biosolids treatment and biogas handling facilities for the Tuas water reclamation plant.

To extend the range of its infrastructure and civil engineering capabilities, the Group further acquired Boustead Salcon Water Solutions Pte. Ltd. ("BSWS") in December 2020. BSWS is a fully integrated engineering, procurement, construction and maintenance contractor and its capabilities include the design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. BSWS is registered with the BCA under the ME11-L6 workhead and is thus qualified to tender for public sector contracts in Singapore with unlimited tender sums. Projects to its credit include the Al Wathba Enhanced Treated Sewage Effluent Treatment Plant in the United Arab Emirates, Asia Symbol Pulp & Paper Mill in China, and the Bedok NEWater Factory (Phase II) and Senoko Power Station in Singapore.

With the acquisition of CES_SDC and BSWS, the Group aims to achieve horizontal integration amongst the various units within its construction business segment.

# OUR BUSINESS

## HOSPITALITY

In 2015, the Group made its first foray into the hospitality sector with the opening of its maiden hotel in Singapore, Park Hotel Alexandra. Operated by the Park Hotel Group, the hotel has 442 guestrooms and suites with an array of modern amenities. In 2016, the Group further partnered the Park Hotel Group to jointly invest in the Grand Park Kodhipparu, a 120-villa resort in the Maldives, which welcomed its first guests in 2017.

The Group expanded its hospitality business with the further acquisition of two operating hotels in Australia in 2017 (The Sebel Mandurah in Perth, Western Australia) and in 2018 (now known as Grosvenor Hotel Adelaide). In addition, in 2018, the Group acquired a site in Adelaide's Central Business District, which will be redeveloped into a new Hyatt Regency hotel. Construction of the hotel is expected to commence in the second half of 2021 and the hotel is scheduled to welcome guests in 2024. The hotel will have 284 guestrooms and suites, facilities such as a ballroom and meeting rooms, a Market Café, a Regency Club, a swimming pool, fitness facilities and a roof top bar.

In view of the success of the Grand Park Kodhipparu Resort in the Maldives, the Group further extended its footprint in the hospitality sector in the Maldives by entering into a joint venture with an affiliate of Amin Construction in 2019 to jointly develop a lagoon at North Malé Atoll into a 5-star resort.

## EDUCATION

In 2018, the Group diversified into the education sector as it recognises the potential for growth through this industry. Its holding company for the education business segment is its wholly-owned subsidiary, Sing-Ed Global Schoolhouse Pte. Ltd. (formerly known as CES Education Pte. Ltd.).

Over the past three years, the Group's education business segment has been actively identifying growth opportunities both locally and internationally as well as both organically and through acquisitions and investments. Its enlarged portfolio now includes international schools in Singapore, Hong Kong, Special Administrative Region of the People's Republic of China ("Hong Kong SAR") and Phnom Penh, pre-school centres in Singapore, Kuala Lumpur and Shanghai, and investments in education technology businesses.

### Pre-school and Enrichment Centres

In 2018, the Group acquired a 70%-equity share in White Lodge Education Group Services Pte. Ltd. ("White Lodge"), which owns and operate a chain of pre-school centres. White Lodge currently has ten centres in Singapore and two centres in Kuala Lumpur, Malaysia.

In 2020, the Group terminated its collaboration with Repton International Schools Ltd to establish international kindergartens under the Repton brand. Consequently, the two kindergartens in Singapore which have been operating under the Repton brand are re-branded as Primus Schoolhouse by Invictus. Primus Schoolhouse by Invictus is the Group's proprietary brand.

The Group also operates a pre-school centre in Singapore, known as Swallows and Amazons.

In addition to the above, the Group has established the William Penn Academy in the People's Republic of China ("PRC"), which offers enrichment classes in the English language for young learners. Currently, there are two such centres in Shanghai.

### International Schools

The Group initially invested in Invictus International School Pte. Ltd. ("Invictus International") in 2019 with an effective interest of approximately 45.3%. At that time, Invictus International's main business was its international primary school located in Dempsey Hill, Singapore. Since then, the Group has increased its effective interest in Invictus International to approximately 92.7%.

Invictus International has since expanded its international school offerings in Singapore from primary to secondary and high school.

In Hong Kong SAR, Invictus International commenced operations of its kindergarten and primary school in March 2020. Invictus International received the necessary licences and approvals to commence operations of its secondary school only in the last quarter of 2020 for its Chai Wan campus. The delay was caused, in part, by the COVID-19 pandemic. The secondary school, which offers classes for students from Year 7 to Year 13, started classes in January 2021.

Invictus International also received the necessary licences and approval to commence operations of its K-12 international school in Phnom Penh, Cambodia, in the last quarter of 2020. The school has commenced its classes

Tuas Water Reclaimation Plant, Singapore

onsite in January 2021. Invictus at Phnom Penh accepts students from nursery to high school. It prepares students for the Cambridge IGCSE and Cambridge International 'A' Levels.

In December 2019, the Group acquired a K-12 international school in Johor Bahru, Malaysia and has since entered into a collaboration with Repton International Schools Ltd to rebrand the school as Repton Malaysia with effect from September 2020.

### Education Technology

In the sphere of education technology, the Group currently has minority interests in: (i) Amdon Consulting Pte. Ltd., a provider of interactive content and pedagogical resources with a particular focus in the learning of science and technology, (ii) Guangzhou Yuanda Information Development Co., Ltd, which offers online and onsite education related to the learning of mathematics to primary school students, and (iii) Cybint International Pte. Ltd., which provides innovative education and training solutions and services in cybersecurity for all levels of expertise.

### Licensing of Proprietary Brands and Provision of School Management Services

The Group is exploring a school management and licensing business model pursuant to which the Group will extend management and consultancy services to schools owned through joint ventures or by third parties, and/or licence its proprietary brand for use by such schools, for recurring management and licensing fees.

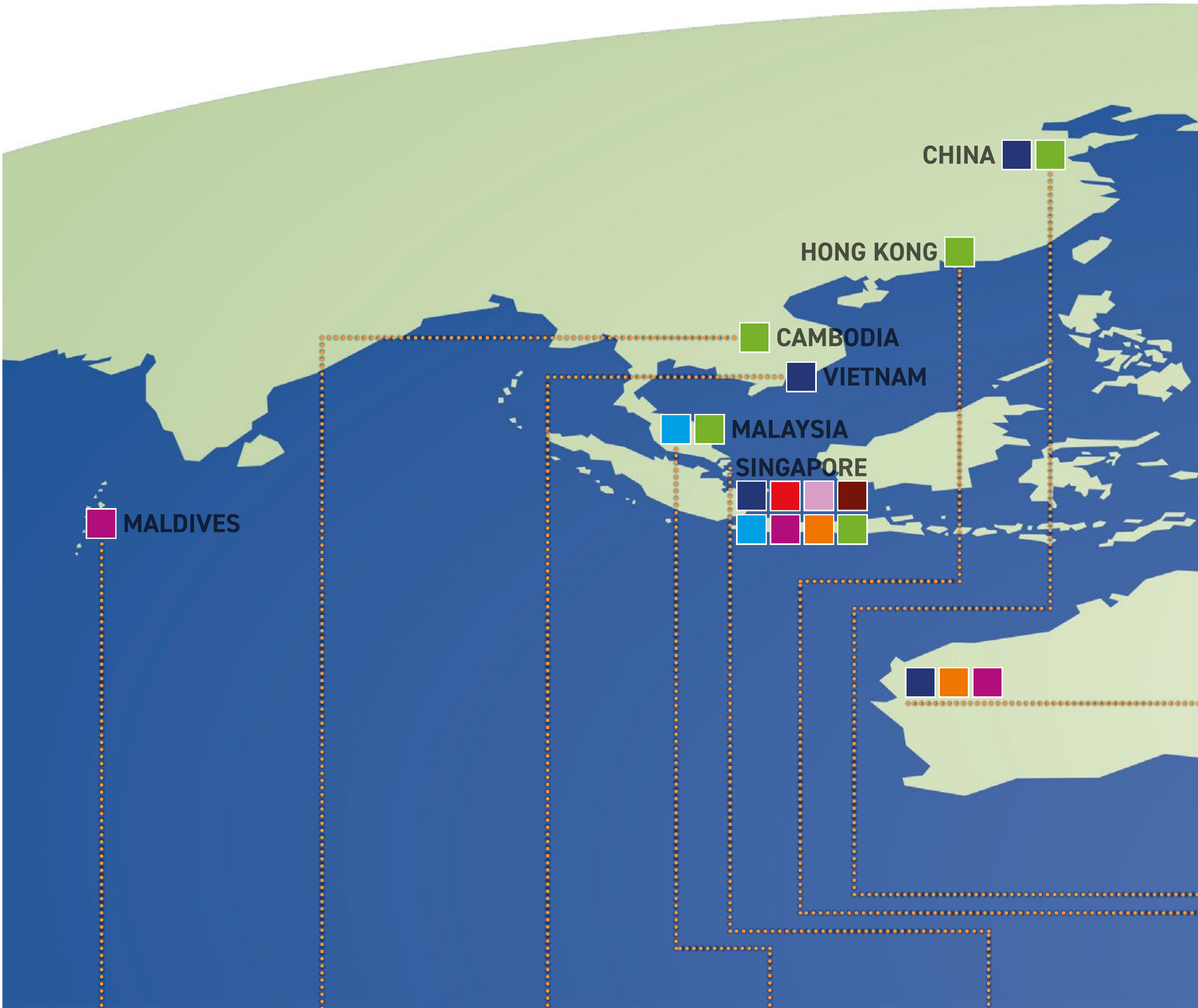
The Group has commenced the operation of such model in the PRC where it has established a 60:40 joint venture company with a local partner, Dongguan Duowei Education Technology Co., Ltd. to provide management and consultancy services to schools within certain specified territories in the PRC which operate under the Invictus brand. Such schools may be established and owned by the Group or by third parties. The joint venture company is currently providing the use of the Invictus brand and management and consultancy services to a pre-school in Shenzhen, PRC which offers a combination of Western and Asian curricula.

## PROPERTY INVESTMENT

The Group's property investment arm has a diversified portfolio of revenue-generating properties in Singapore, Australia and New Zealand such as shophouses, offices and industrial properties.

Singapore remains the key market for the Group's investment properties, which include CES Centre, a leasehold office building in Chin Swee Road that houses its head office and a leasehold light industrial building in Ubi Crescent.

# GEOGRAPHICAL REACH



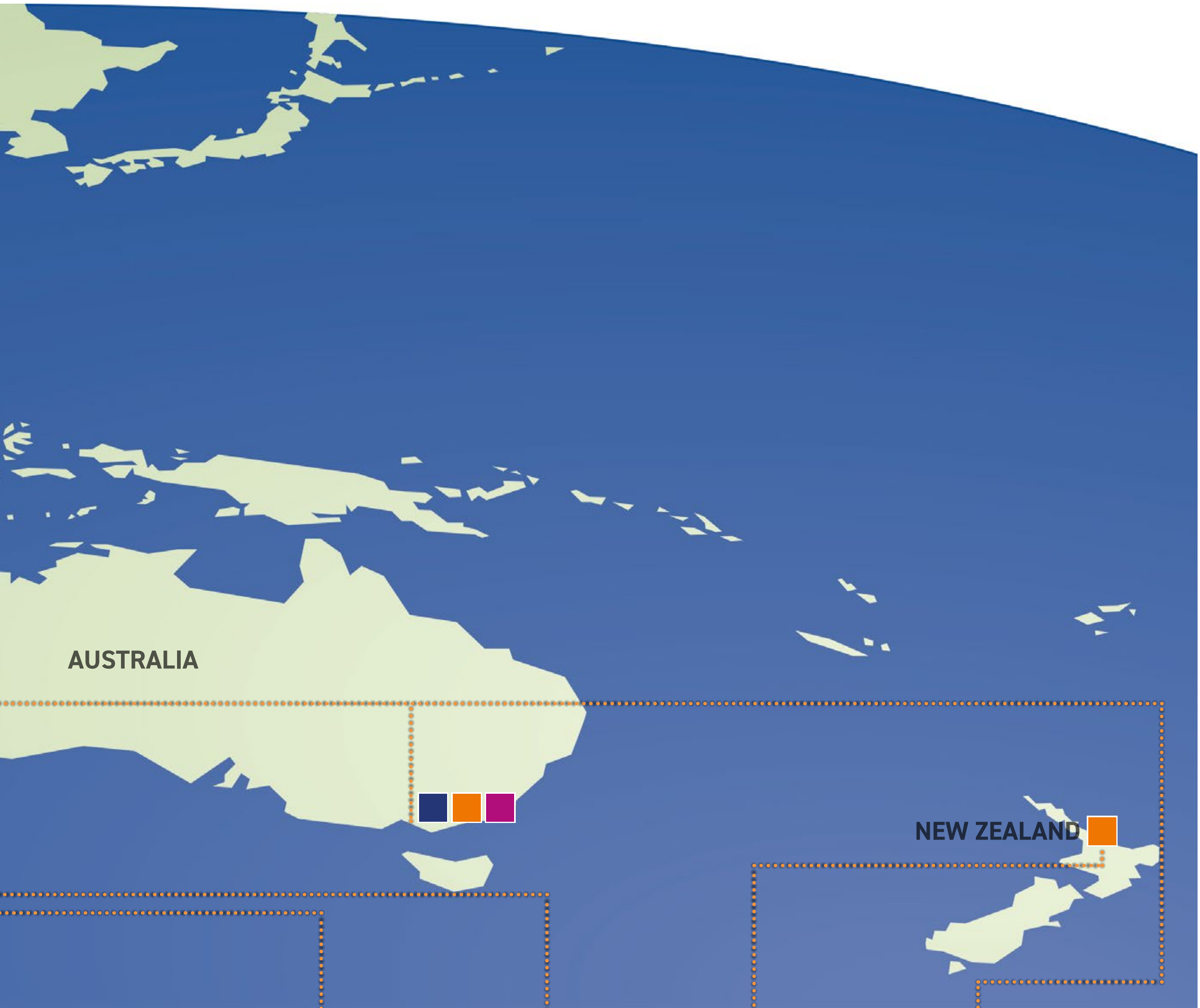

**MALDIVES**
- Hospitality

**CAMBODIA**
- Education

**VIETNAM**
- Property Development

**MALAYSIA**
- Prefabrication of Precast Components
- Education

**SINGAPORE**
- Property Development
- Building Construction
- Infrastructure and Civil Engineering
- Environmental Engineering
- Prefabrication of Precast Components
- Hospitality
- Property Investment
- Education




**HONG KONG SAR**

- Education

**CHINA**

- Education

**NEW ZEALAND**

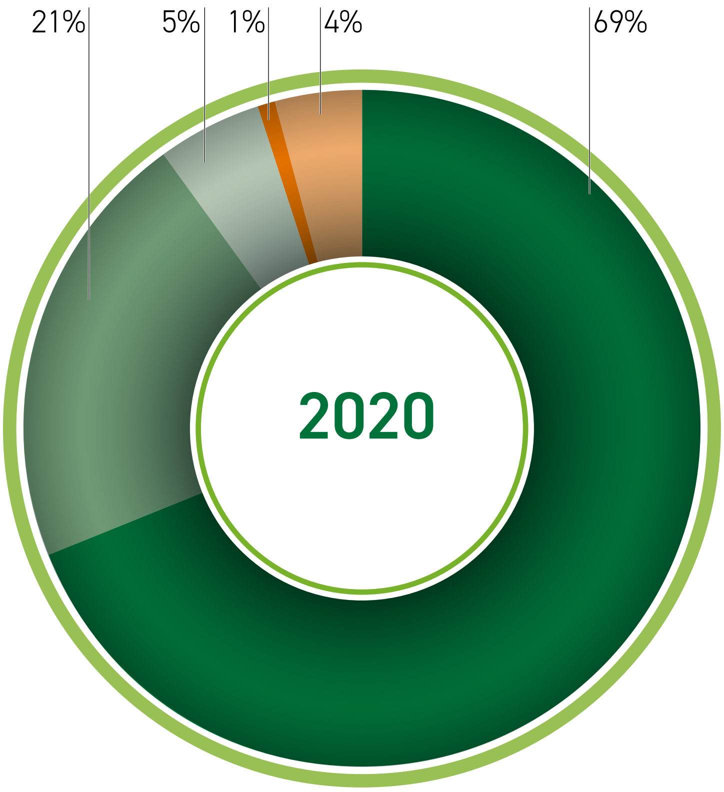
- Property Investment

**AUSTRALIA**

- Property Development
- Property Investment
- Hospitality

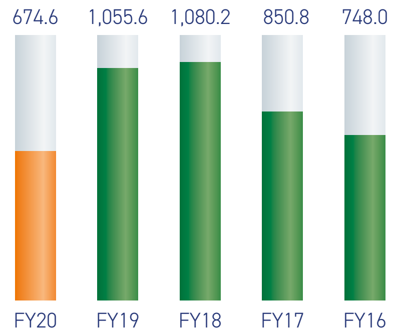
# FINANCIAL HIGHLIGHTS

## REVENUE BY BUSINESS SEGMENT

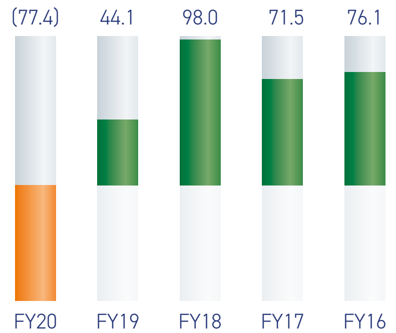




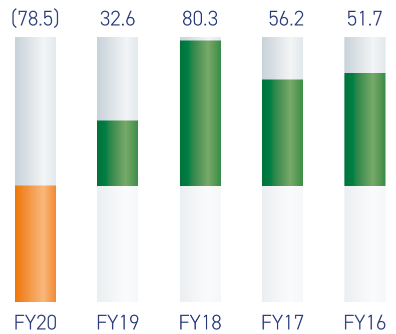
### Turnover ($ Million)




### (Loss)/Profit Before Tax ($ Million)

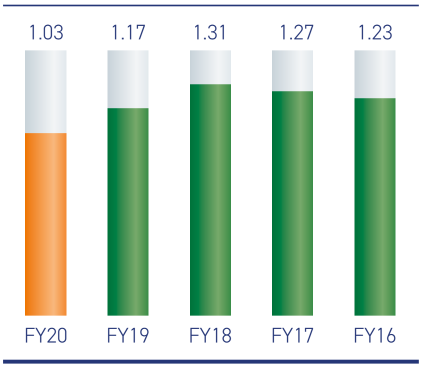



### (Loss)/Profit After Tax ($ Million)

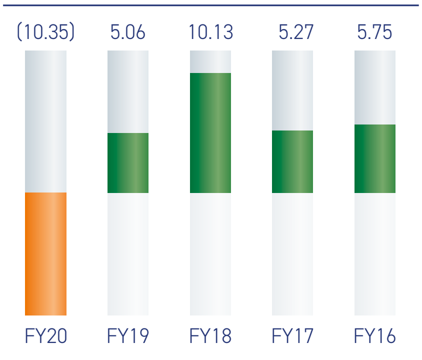


## REVENUE BY GEOGRAPHICAL SEGMENT

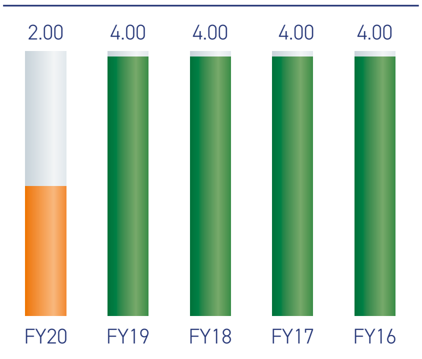
### Net Asset Value Per Share ($)

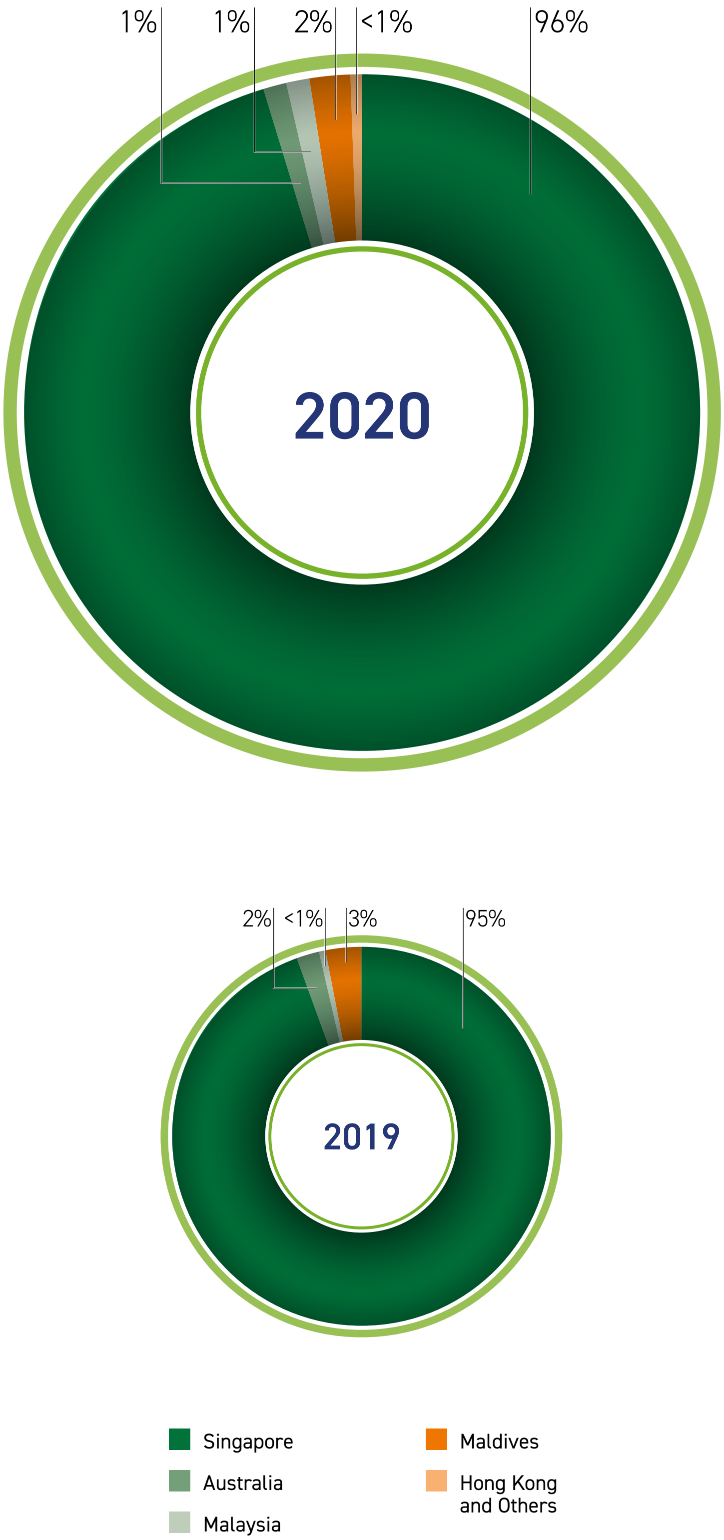



### (Loss)/Earnings Per Share (Cents)




### Dividend Per Share (Cents)



# FINANCIAL REVIEW

## UNPRECEDENTED NET LOSS

In FY2020, the turbulence caused by the COVID-19 pandemic slashed the revenue contribution from all but one of the Group's five core business segments. Only the education business segment recorded a substantial increase in revenue compared to the preceding year. Overall revenue of the Group for FY2020 was $674.6 million, a drop of 36.1% compared to $1.06 billion recorded in FY2019. Gross profit fell by 66.5% to $65.2 million, compared with $194.9 million in FY2019.

Factoring other income and expenses, the Group recorded a pre-tax loss of $77.4 million in FY2020, compared to the pre-tax profit of $44.1 million in FY2019.

Income from other sources rose overall due to grants from the Singapore Government to mitigate the impact of the COVID-19 pandemic, rent concessions and foreign exchange gains arising from the strengthening of the Australian and New Zealand dollars. The Group incurred lower marketing and finance costs on the whole, but administrative expenses were higher due mainly to fair value loss on investment properties and investment security and certain property, plant and equipment which had to be written off.

Income tax expense dropped 90.5% in FY2020 to $1.1 million, compared to $11.5 million in FY2019. The Group thus incurred a net loss of $78.5 million, compared with the net profit of $32.6 million in FY2019.

In FY2020, the Group's property development business segment recorded $464.2 million in revenue, down 41.4% from $792.0 million in FY2019. This was mainly due to lower progressive revenue recognition from Grandeur Park Residences and Park Colonial in Singapore. In FY2019, sales proceeds from these two projects were key contributors to the Group's revenue. By 1 January 2020, the bulk of the units in these two projects have already been sold. Higher contribution from the Group's other Singapore projects, Parc Komo and Kopar at Newton partially offset the overall drop in revenue.

The Group's construction business segment also recorded a drop in revenue, sliding 12.1% to $144.6 million in FY2020, from $164.4 million in FY2019. This was largely attributable to lower revenue contribution from its projects, Bidadari C6 & C7, Bidadari C8 & C9 and Sengkang N4C39 & C40. The drop was partially cushioned by revenue contribution from projects undertaken by its infrastructure and civil engineering segment.


Sengkang Neighbourhood 4 Contract 39 & Contract 40, Singapore

Heavily impacted by the closure of various national borders and travel restrictions to contain the COVID-19 virus, revenue for the Group's hospitality business segment plummeted by 55.7% in FY2020 to $34.6 million, from $78.2 million in FY2019.

The Group's education business segment recorded a leap in revenue by 87.8% to $25.9 million in FY2020, compared to $13.8 million in FY2019, mainly due to contributions from the Invictus international school in Singapore (Dempsey Hill campus) and the K-12 international school in Johor Bahru, Malaysia (Repton Malaysia).

Revenue for the Group's property investment business segment dropped by 27.3% to $5.3 million in FY2020, compared to $7.3 million in FY2019. This decrease was mainly attributable to the lower occupancy rate at CES Centre and the rebates given to tenants pursuant to Singapore's Rental Relief Framework.

## OPERATING EXPENSES

In FY2020, the Group's operating expenses increased slightly by 1.0% to $170.9 million, compared to $169.3 million in FY2019. While marketing and finance costs fell by 30.5% and 33.1% respectively, administrative costs increased by 26.3%. The Group incurred higher marketing expenses for its projects launched in FY2020, being Kopar at Newton in Singapore and 28 Lyall in South Perth, Australia but lower marketing expenses for Parc Komo and Park Colonial. Hence there was an overall drop in marketing costs. The drop in finance costs was mainly attributable to lower interest rates. Administrative expenses increased mainly due to fair value loss on investment properties and investment security as well as certain property, plant and equipment which had to be written off.

## BALANCE SHEET REVIEW

### Investment Properties

The total value of the Group's investment properties as at 31 December 2020 was $296.8 million, a drop from $305.5 million as at 31 December 2019, as a result of fair value loss primarily attributable to CES Centre in Singapore.

### Development Properties

The total value of the Group's development properties stood at $1.09 billion as at 31 December 2020, a drop from $1.37 billion as at 31 December 2019. This was mainly attributable to the progressive recognition of development costs for units sold in the Group's development projects in FY2020.

### Property, Plant and Equipment

The total value of the Group's property, plant and equipment stood at $535.7 million as at 31 December 2020, an increase from $467.1 million as at 31 December 2019, mainly due to the acquisition of the industrial property at 65 Tech Park Crescent, the lagoon in North Malé Atoll, Maldives and new leases entered into for the Invictus-brand international schools.

### Trade and Other Receivables

Current trade and other receivables stood at $419.2 million as at 31 December 2020, an increase from $176.3 million in FY2019. The increase was mainly due to progress billings to be received from purchasers of the units in Grandeur Park Residences following receipt of its Temporary Occupation Permit in December 2020.

### Borrowings

Total current and non-current loans and borrowings stood at approximately $1.8 billion as at 31 December 2020, similar to the total current and non-current loans and borrowings as at 31 December 2019. In FY2020, the repayment of loans offset new drawdowns of non-current facilities.

### Net Current Assets

The value of the net current assets of the Group dropped by $137.4 million to $1.75 billion as at 31 December 2020, compared to $1.89 billion as at 31 December 2019. This was mainly due to collection of the last tranche of payment from the purchasers of High Park Residences (which has been fully sold) in FY2020 and the progressive recognition of development costs in respect of units sold in the Group's development projects in FY2020.

### Shareholders' Equity

Total shareholders' equity dipped to $817.3 million as at 31 December 2020, compared to $947.3 million as at 31 December 2019, after accounting for the net loss of $78.5 million incurred in FY2020 and the amount of $59.3 million which constitute the aggregate dividend payments made in FY2020 to shareholders (in respect of dividends declared for FY2019) and to non-controlling interests. The Group's net-debt-to-equity ratio increased to 1.74 as at 31 December 2020, compared with 1.50 as at 31 December 2019.

# OPERATIONS REVIEW

## PROPERTY DEVELOPMENT

The value of the Group's development properties totalled $1.09 billion as at 31 December 2020, down from $1.37 billion as at 31 December 2019. Progressive recognition of development costs for units sold in the Group's projects in FY2020 largely accounted for this drop in valuation.

### Singapore

Based on statistics released by Singapore's Urban Redevelopment Authority, prices of private residential properties rose by 2.2% in 2020, compared with 2.7% in the previous year. Total supply in the pipeline with planning approvals amounted to 49,307 uncompleted private residential units (excluding Executive Condominiums) at the end of the last quarter of 2020, down slightly from 50,369 units in the third quarter of 2020. Of this number, 24,296 units remained unsold as at the end of the last quarter of 2020, compared with 26,483 units in the third quarter of 2020, indicating a drop in supply and stock of private residential units.

In FY2020, the Group continued to see healthy sales of its residential projects, based on the number of options to purchase issued. As of 14 March 2021, sales of units in Park Colonial were at 97.4%, Parc Komo at 51.4% and Kopar at Newton at 47.9%. The units in Grandeur Park Residences have been 100% sold as of January 2021 and this development has obtained its Temporary Occupation Permit in December 2020.

With the economic outlook still looking highly uncertain due to the ongoing COVID-19 pandemic and possible rise in interest rates, the Singapore Government has indicated that it is monitoring the developments in the property market "very closely" and that it will, if necessary, adjust policies to maintain a stable and sustainable property market in Singapore. This comes as the pace of increase in private housing prices has gathered momentum since the second quarter of 2020, in spite of the economic uncertainties caused by the COVID-19 outbreak. Over the years, the Singapore Government has put in place several cooling measures to ensure that prices in the private housing sector move in line with economic fundamentals. The Group is taking heed of these early warning signs that further cooling measures may be imposed if the residential property market continues to be overheated. The Group will thus make preparations to mitigate these measures should they arise and will continue to remain prudent in its bids for acquisitions of land plots and development projects. The Group will also work with its agents to market its projects responsibly to allow buyers to make considered decisions that take into account their needs and affordability.

### Australia

Based on data released by Australia's property data research provider, CoreLogic, overall home prices in Australia increased 3.0% in 2020, with Melbourne the only major city to register a drop in price index by 1.3%.

Taking into account the impact of the COVID-19 pandemic on the real estate sector in Melbourne, the Group recalibrated its asset management strategy which led to it entering into an agreement in December 2020 for the sale of its development site located at Gladstone Street in South Melbourne. The sale was completed on 31 March 2021.

Notwithstanding the abovementioned disposal, the Australian market remains an integral part of the Group's long-term growth and diversification strategies. The Group has been steadily increasing its portfolio of assets and businesses in Australia over the years, including its more recent acquisitions of hospitality related assets. The Group will continue to review its operations and strategic plans in Australia moving forward, with a view to actively identify and pursue opportunities in the real estate sector, such as to acquire and develop suburban residential projects.

## CONSTRUCTION

The Group's order book for its construction business segment amounted to approximately $1.31 billion as at 31 December 2020, up from $591.2 million as at 31 December 2019. The order book includes the ongoing projects of the Group's wholly-owned subsidiary acquired in December 2020, Boustead Salcon Water Solutions Pte. Ltd ("BSWS").

Data from Singapore's Ministry of Trade and Industry indicate that Singapore's construction sector contracted by 35.9% in 2020, a sharp retraction from the 1.6% growth posted in 2019. The sector was weighed down by weak demand for both public sector and private sector construction works in 2020.

The Group expects that its construction

business segment will continue to face a challenging landscape in the near-term as profit margins (if any) will remain slim due to increased costs presented by the shortage of manpower and compliance requirements to maintain safe management measures at the work sites. Any resurgence of rampant COVID-19 infections in the foreign worker dormitories in Singapore as well as disruptions in the global supply chain for raw materials will also severely impact this business segment.

Despite the challenging outlook for this business segment, the Group intends to stay focused on expanding its capabilities in the building, infrastructure, construction and construction project management business, and to continue exploring new growth areas. In FY2020, the Group demonstrated its commitment to augment its construction business segment by acquiring BSWS to extend the footprint of its existing civil engineering and infrastructure business to include the design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. The Group also acquired an additional industrial facility in Singapore to increase the production capacity of its precast unit. The differentiating capability and track record of the various units within the Group's construction business segment will enhance the ability of the Group to participate in a broader range of competitive engineering, procurement and construction tender projects, including building, civil engineering and infrastructure, which are of larger scale and/or higher value.

Construction technology is expected to feature even more prominently in the construction sector going forward. Construction technology, such as Design for Manufacture and Assembly (DfMA), Building Information Modelling (BIM) and Virtual Design and Construction (VDC), is rapidly changing. The Group recognises the need to actively harness technology to enhance its productivity, keep up with the changes and stay innovative in order to remain competitive in this industry in the medium and long term.

Kopar at Newton, Singapore

# OPERATIONS REVIEW

## HOSPITALITY

The hospitality industry in 2020 was particularly hard hit by the COVID-19 pandemic as the outbreak led to governments around the world imposing stringent restrictions on international travel, quarantine requirements and closure of their borders. As a result, there was a massive decline in international travel demand throughout the year.

Singapore Tourism Board figures show that international tourist arrivals in Singapore plunged to 2.7 million in 2020, from 19.1 million in 2019. According to data from the Maldives Ministry of Tourism, there were just over 0.5 million tourist arrivals in 2020, which is a far cry from the 1.7 million tourist arrivals recorded in 2019. Australia similarly recorded a sharp drop in tourist arrivals - from 9.5 million in 2019 to over 1.8 million in 2020.

As the demand for international travel remained low throughout 2020, the occupancy rates of the Group's hotels in Singapore, Australia and the Maldives were correspondingly low throughout the year.

With respect to the Group's hotel in Singapore, Park Hotel Alexandra, occupancy in the second quarter of FY2020 was propped up by demand from local companies for accommodation of workers affected by Malaysia's movement control order and persons serving their Stay-Home Notice in hotels. In the second half of FY2020, the hotel's predominant source of revenue came from operating as an accommodation facility for persons serving their Stay-Home Notice in hotels.

With respect to the Group's two hotels in Australia, occupancy remained low throughout FY2020 as demand for travel was severely curtailed by Australia's travel restrictions and quarantine requirements.

The Group's hotel in the Maldives was also not spared from the adverse impact of the COVID-19 pandemic as international visitors make up the bulk of its occupants. In late March 2020, the Maldives Government suspended all visas-on-arrival. Although the country re-opened for tourist arrivals in mid-July, limited air travel into the country coupled with ongoing travel restrictions still imposed by many countries meant that the hotel's occupancy did not pick up until towards the Christmas and New Year festive season in late December.

To contain operating costs, the Group implemented cost cutting measures such as temporary closure of non-essential facilities, suspension of non-essential amenities and services, reduction of manpower and shortening of work hours. In addition, with respect to the Group's existing hotel in Adelaide, Australia, the Group closed a smaller section of the hotel comprising 65 rooms in the second quarter of 2020 and also de-branded the hotel (previously branded as Mercure and Ibis Styles) in February 2021. The hotel is now known as the Grosvenor Hotel Adelaide. Notwithstanding the de-branding, the hotel continues to be managed by Accor.

As the hospitality business segment is highly dependent on there being demand for travel, continued border controls and travel restrictions imposed by governments across the world make the timing and degree of sustainable recovery of this business segment uncertain. The Group will continue with its cost containment measures until there is significant recovery. The Group has also deferred commencement of construction works for its hotel development projects in Adelaide, Australia and in the Maldives to the second half of 2021. The targeted timelines for commencement of operations of the Group's new hotels are expected to coincide with the period when international travel and tourism are projected to return to normalcy.

## EDUCATION

Of the Group's five business segments, the education business segment was the only one which recorded a significant increase in revenue in FY2020. The revenue of the education business segment jumped 87.8% to $25.9 million in FY2020, from $13.8 million in FY2019. Revenue contribution from the Invictus international school in Singapore (Dempsey Hill campus) and the K-12 international school in Johor Bahru, Malaysia (Repton Malaysia) primarily accounted for the increase.

The Group's education business segment was nevertheless not spared from the effects of the COVID-19 pandemic. In FY2020, the COVID-19 pandemic has in part delayed the licensing and completion of renovation works for the Group's new schools that were in the pipeline, such as the Invictus-branded international schools in Singapore (Centrium Square campus), Hong Kong SAR (Chai Wan campus) and Cambodia (Phnom Penh campus). This in turn affected the Group's ability to market the schools and secure enrolment numbers. The COVID-19 pandemic also slowed down the growth of student enrolment in the Group's existing schools. Notwithstanding the decline in student enrolment, the Group adopted measures to ease the financial burden on affected families such as reducing, or in certain cases, waiving, school fees. The Group has seen a gradual recovery in student enrolment towards the later part of FY2020.

Going forward, the Group will optimise usage of its proprietary brands to harness operational efficiency and synergy across, and to create a stronger identity for, these brands. In particular, the Group will leverage on its Invictus brand for the expansion of its international school offerings. The brand is positioned to reflect its ethos in offering high quality education at competitive fees. Schools bearing the Invictus brand currently have presence in Singapore, Hong Kong SAR, Phnom Penh (Cambodia) and Shenzhen (the People's Republic of China ("PRC")). The Group intends to extend the geographical reach of Invictus-branded schools to other major cities in the Asia-Pacific region.

The Group is further exploring a school management and licensing business model pursuant to which the Group will extend management and consultancy


Centrium Campus Library, Invictus Singapore

services to schools owned through joint ventures or by third parties, and also licence its proprietary brand for use by such schools, for recurring management and licensing fees. The Group has implemented such model in the PRC where it has established a 60:40 joint venture company with a local partner, Dongguan Duowei Education Technology Co., Ltd., to provide management and consultancy services to schools within certain specified territories in the PRC which operate under the Invictus brand. Such schools may be established and owned by the Group or by third parties. The joint venture company is currently providing the use of the Invictus brand and management and consultancy services to a pre-school in Shenzhen which offers a combination of Western and Asian curricula (such as English drama, arts and craft, calligraphy, oriental appreciation and nature appreciation).

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

## PROPERTY INVESTMENTS & OTHERS

In FY2020, revenue contribution from this business segment is lower at $5.3 million, compared to $7.3 million in FY2019. The decrease in revenue was mainly attributable to the lower occupancy rate at CES Centre in Singapore and the rebates given to tenants pursuant to Singapore's Rental Relief Framework.

Save for the decline in the occupancy rate of CES Centre, the occupancy rates of the Group's other investment properties have remained relatively stable in FY2020. The Group has commenced discussions with its tenants with respect to those leases that are due for renewal in FY2021.

Due to the prolonged impact of the COVID-19 pandemic, the Group expects it to be more challenging to find replacement tenants for its investment properties, even though it is seeing a gradual increase in interest from prospective tenants. There is also no assurance that existing tenants will not default on their rental payments. In addition, the Group also faces more competition for new tenants for CES Centre due to the increase in office space in the vicinity.

# BOARD OF DIRECTORS

## Mrs CELINE TANG

Non-Executive Chairman
Non-Independent and Non-Executive Director

Mrs Celine Tang was appointed as the Non-Executive Chairman and Non-Independent and Non-Executive Director of the Company on 11 October 2018. Mrs Tang is currently the Group Managing Director of SGX-listed company, SingHaiyi Group Ltd. She also holds the position of Non-Executive Chairman at OKH Global Ltd, an integrated property developer focused on logistics and industrial properties, listed on the Mainboard of the Singapore Exchange.

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

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

Possessing a strong belief in giving back to the society, Mrs Tang sponsors student scholarships and grants, as well as supports activities in several Singapore schools such as West Spring Secondary, Juying Secondary School and Crest Secondary School. She also sits as a member of the Advisory Committee of Juying Secondary School. In addition, Mr and Mrs Tang are the owners of Aloha Sea Sports Club, which rents out equipment for water sports and conducts a wide range of water sport courses. All profits generated from the centre are donated for the development of sailing in Singapore.

## Mr CHIA LEE MENG RAYMOND *PBM*

Executive Director and
Group Chief Executive Officer

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

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

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

## Mr TAN TEE HOW
Executive Director

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

## Mr YAM AH MEE
Non-Independent and Non-Executive Director

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

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

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

## Mr ANG MONG SENG *BBM*
Lead Independent Director

Mr Ang Mong Seng was appointed the Company's Lead Independent Director in November 2015 and has been on the Board since March 2003. He chairs the Remuneration Committee and is a member of the Investment Committee and the Nominating Committee. Mr Ang has more than 30 years of experience in estate management and is a former Member of Parliament for Hong Kah GRC (Bukit Gombak). He also serves as an Independent and Non-Executive Director in various other public listed companies.

# BOARD OF DIRECTORS

### Mr ABDUL JABBAR BIN KARAM DIN
Independent Director

Mr Abdul Jabbar joined the Board on 2 February 2018 as an Independent Director. He is a member of the Audit and Risk Committee, the Investment Committee, as well as the Remuneration Committee. An Executive Committee Partner with Rajah and Tann Singapore LLP, Mr Jabbar heads the firm's Corporate and Transactional Practice. He has more than 25 years' extensive experience in mergers and acquisitions, joint ventures, employment, banking and finance, general commercial and private client work, both local and international. Mr Jabbar also advises companies on corporate governance, compliance and regulatory matters. He serves as company secretary on the boards of numerous private and public listed and unlisted companies as well as registered foreign companies with Singapore branches. He graduated from the National University of Singapore with a Bachelor of Laws (Hons) degree.

### Mr LOCK WAI HAN
Independent Director

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

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

### Prof LOW TECK SENG
Independent Director

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

### Dr NEO BOON SIONG
Independent Director

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

### Prof YAACOB BIN IBRAHIM
Independent Director

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

Prof Yaacob is currently a Professor of Engineering at the Singapore Institute of Technology (SIT) where he is also Advisor to the President of SIT.

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

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

He is currently on the Board of Trustees for the Building Construction and Timber Industries Employees' Union, a Board Member of Surbana Jurong and an independent director for the Oceanus Group. He is also advising some start ups and is currently chairman of the investment fund Rekanext.

# EXECUTIVE OFFICERS

### Mr LAW CHEONG YAN
Chief Financial Officer

Mr Law Cheong Yan joined the Group as Chief Financial Officer in August 2013. In his current role, he leads the Group in a multitude of functions comprising financial and management accounting, taxation, treasury, as well as investor relations. Prior to joining the Group, Mr Law spent more than nine years in China and the US managing the businesses of several Singapore companies' overseas subsidiaries. Mr Law was also the Group's Financial Controller for the period from June 1999 to February 2004, and an auditor with an international accounting firm from September 1995 to June 1999. Mr Law holds a Bachelor of Accountancy (Hons) degree from Nanyang Technological University. He is also a member of ISCA and CPA Australia.

### Mr YEO SIANG THONG
Managing Director of
Building Construction Division

Mr Yeo Siang Thong joined the Group in August 2017 as Managing Director of the Building Construction Division. His responsibilities include business development and advising on the strategic operations of the division. To date, Mr Yeo has more than 25 years of experience in the construction industry. He helmed the Group's Building Construction Division in the capacities of General Manager from July 1998 to January 2007 and later on, as Managing Director from August 2017. In addition, Mr Yeo was also an Executive Director of the Company from September 1999 to August 2006. Prior to joining the Group, Mr Yeo had served as Vice-President of Sembawang Engineers and Constructors Pte Ltd, and held several other senior managerial positions in HDB and JTC International Pte Ltd. He holds a Civil Engineering (Hons) degree and a Master of Science (Civil Engineering) degree from the National University of Singapore. He is also a Registered Professional Engineer with the Professional Engineers Board.

### Mr YOONG SHAW LEONG
Managing Director of
Precast Division

Mr Yoong joined the Group in April 2018 as Managing Director of the Precast Division. His responsibilities include business development and operations of the division. Mr Yoong has more than 27 years' experience in structural engineering and construction management works.

Prior to joining the Group, Mr Yoong was a Director of RSP Architects & Engineers (Pte) Ltd where he led a multidisciplinary engineering team involved in the design and construction of a wide range of projects, including Westgate, Sentosa Intra-Island Cableway, Chinese Cultural Centre, Changi Airport Terminal 2 Upgrading, Terminal 1 Expansion, and Rihga Royal Hotel in East Malaysia. Mr Yoong is a Registered Professional Engineer with the Professional Engineer Board and a member of the Institute of Engineers, Singapore and the Singapore Structural Steel Society. He has a Bachelor of Engineering degree (Civil) from the National University of Singapore.

### Ms LIM SOCK JOO
Executive Director of
CEL Development Pte Ltd

Ms Lim first joined the Group's Building Construction Division in 1993 as an administrative and finance executive, responsible for accounting, administration and human resource matters. With over 25 years of tenure with the Group, Ms Lim has assumed various responsibilities within the Group's Building Construction Division and for matters relating to finance as well as sales and marketing of the Property Development Division.

In July 2013, Ms Lim was appointed an Executive Director of CEL Development Pte Ltd, the holding company for the Group's property development business. Following such appointment, her role was expanded to include the sales and marketing of the Property Development Division and overseeing the Hospitality Division. Ms Lim holds a Bachelor's degree in Business (Accounting).

### Mr MICHAEL NG
Executive Director of
CEL Development Pte Ltd

Mr Michael Ng joined the Group in January 2017. He is responsible for the Group's Property Development and Investment Divisions.

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

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

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

### Mr LIEW CHOONG SAN
Managing Director of
Civil Infrastructure Division

Mr Liew joined the Group in December 2019 and has been appointed as Managing Director of the Civil Infrastructure Division. His responsibilities include business development and operations of the division.

He has more than 30 years of experience in design, construction management/ supervision and project management of various infrastructure, industrial, airport, high-rise buildings and large-scale integrated mixed-use development projects.

Mr Liew started his career with RSP Architects Planners & Engineers in 1987. Subsequently he held various senior managerial positions in Sembawang Engineers and Constructors and AECOM Singapore. He was the Vice-President (Projects) of CES_SDC Pte. Ltd. (previously known as Sembcorp Design and Construction Pte Ltd), prior to the acquisition of CES_SDC Pte. Ltd. by the Group in December 2019.

He has in-depth involvement and experience in handling a wide range of projects including the construction of Marina South Station & Tunnels for Thomson-East Coast MRT Line, the development of Changi East to effect 3 Runways Operations at Changi Airport, Changi Airport Terminal 4, Marina Bay Cruise Centre, Resort World at Sentosa, Deep Tunnel Sewerage System – Contract T05 Kanji Tunnel, CIBA Vision Manufacturing Plants in Singapore and Malaysia, Light Rail Transit (LRT) System at Punggol & Sengkang New Town, Military Camp at Pulau Tekong, Public Bank HQ in Kuala Lumpur and Wheelock Place.

Mr Liew graduated with Bachelor of Engineering (Civil) First Class Honours from the National University of Singapore. He is a registered Professional Engineer with the Professional Engineer Board Singapore.

## OTHER OFFICERS

#### CORPORATE
**Mr Ang Kang Hai**
Chief Human Resource Officer

**Ms Goh Gin Nee**
General Counsel & Joint Company Secretary

#### PROPERTY DEVELOPMENT AND INVESTMENT
**Mr Lee Yee-Seng Robert**
Executive Director (Australia)

#### EDUCATION
**Dr Koh Thiam Seng**
Executive Vice President

# PROJECT PORTFOLIO

## CONSTRUCTION

### Major On-Going Projects in 2020

| Project | Description | Owner |
|---|---|---|
| Toa Payoh Bidadari Contract 6 & Contract 7 | Building works of 16 blocks of residential building | Housing & Development Board (HDB) |
| Bidadari Contract 8 & Contract 9 | Building works of 8 blocks of residential building | HDB |
| Grandeur Park Residences at Bedok South Avenue 3 | Building works of 720 residential condominium units and 2 retail outlets | CEL-Changi Pte. Ltd. |
| Sengkang Neighbourhood 4 Contract 39 & Contract 40 | Design and construction of public housing at Sengkang | HDB |
| Design and Build of Upgrading Projects For G27A | Upgrading projects for 2 precincts at Yishun Ring Road and 1 precinct at Yishun Street 61 | HDB |
| Parc Komo at Upper Changi Road North | Building works of 7 blocks of 5 storey residential flats and 3 blocks of 5-storey building for commercial use at 1st and 2nd storey and residential use from 3rd to 5th storey (total 276 residential units) | CEL Real Estate Development Pte. Ltd. |
| CAG Package 2 | Proposed Development of Changi East to Effect 3 Runway Operations at Singapore Changi Airport – Package 2 | Changi Airport Group (CAG) |
| Contract T227 | Construction of Marina South Station and Tunnels for Thomson-East Coast Line | Land Transport Authority (LTA) |
| Contract C22A | Changi Water Reclamation Plant Phase 2 - Foundation Works for Train 5 | Public Utilities Board (PUB) |
| Tampines Neighbourhood 8 Contract 31 | Building works of 6 blocks of residential building connecting linkways and linkbridges, a multi-storey car park, precinct pavilions, a roof garden and a childcare centre. | HDB |
| Contract J107 | Design and construction of Gek Poh Station, Tawas Station and viaduct for Jurong Region Line | LTA |
| Contract 4A | Tuas Water Reclamation Plant - Biosolids and Digesters | PUB |
| Design & Build of Upgrading Projects For G29G | Upgrading projects for 2 precincts at Serangoon Ave 1, 1 precinct at Lengkong Tiga and 1 precinct at Ubi Ave 1 | HDB |

## PROPERTY DEVELOPMENT

### Projects Completed in 2020

| Project | Location | Description | No. of Units | Tenure |
|---|---|---|---|---|
| Grandeur Park Residences | Bedok South Avenue 3 | Condominium | 722 | 99 years |

### Development Projects under Construction

| Project | Location | Description | No. of Units | Tenure | Stage of Completion/ Expected Year of Completion | Site Area (m²) | Estimated GFA (m²) | % Owned |
|---|---|---|---|---|---|---|---|---|
| Park Colonial | Woodleigh Lane | Condominium | 805 | 99 years | 75%/2021 | 19,547 | 58,642 | 60% |
| Parc Komo | Upper Changi Road North | Condominium | 276 | Freehold | 20%/2022 | 18,755 | 23,192 | 100% |
| Kopar at Newton | Makeway Avenue | Condominium | 378 | 99 years | 5%/2023 | 11,643 | 32,602 | 100% |

### Projects in the Pipeline

| Project | Location | Description | No. of Units | Tenure | Expected TOP |
|---|---|---|---|---|---|
| 28 Lyall South Perth | 31 Labouchere Road and 24 Lyall Street, South Perth, Western Australia | Residential apartments, commercial & retail | 110 | Freehold | 2023 |
| Northcote | 217 and 221 - 223 Separation Street, Northcote, Victoria, Australia | Residential dwellings | @ | Freehold | @ |

@ in planning stage

# PROJECT PORTFOLIO

## INVESTMENT PROPERTIES

| Description | Location | Tenure | Existing Use | Unexpired Lease Terms | % Owned |
|---|---|---|---|---|---|
| Two adjoining units of three-storey shophouses | 86, 86A, 86B Tanjong Pagar Road, Singapore | 99 years from 27 September 1988 | Shops & offices | 67 years | 100% |
| A part two, part four-storey shophouses | 161 Geylang Road, Singapore | 99 years from 4 May 1993 | Shops & offices | 72 years | 100% |
| Six-storey light industrial building with a basement carpark | 69 Ubi Crescent, Singapore | 60 years from 5 July 1997 | Light industrial building | 37 years | 100% |
| Three adjoining units of two and a half-storey shophouse with a four-storey rear extention | 115 Geylang Road, Singapore | Freehold | Boarding hotel | – | 100% |
| Twelve-storey office building | 171 Chin Swee Road, Singapore | 99 years from 2 June 1969 | Offices | 48 years | 100% |
| A commercial unit at Alexandra Central | 321 Alexandra Road, #01-06, Singapore | 99 years from 5 March 2012 | Shops | 91 years | 100% |
| Twenty eight strata units at Komo Shoppes in a two-storey retail podium (under construction) | Upper Changi Road North | Freehold | Shops | – | 100% |
| Strata Restaurant Property | 1 Marco Polo Drive, Mandurah, Western Australia | Freehold | Tavern | – | 100% |
| Two-storey building with basement commercial units | 72 and 74-78 Hindley Street, Adelaide, South Australia | Freehold | Shops | – | 100% |
| Two commercial towers of seventeen-storey and twenty two-storey and retail podium | 205 Queen Street, Auckland, New Zealand | 91 years from 18 June 1990 | Offices | 61 years | 50% |

## PROPERTY AND PLANT

| Description | Location | Tenure | Existing Use |
|---|---|---|---|
| Park Hotel Alexandra – A 442-room 13-storey hotel | 323 Alexandra Road, Singapore | 99 years from 5 March 2012 | Hotel |
| The Sebel Mandurah – A 84-room waterfront hotel | 1 Marco Polo Drive, Mandurah, Western Australia | Freehold | Hotel |
| A single-user single-storey warehouse with a 4-storey ancillary office and temporary ancillary workers dormitory | 2 Tuas South Street 8, Singapore | 23 years from 26 December 2012 | Construction workshop & dormitory |
| Property at Tuas Basin Close | 11 Tuas Basin Close Singapore 638806 | 4 December 2017 to 31 December 2021 | Offices, store & precast finishing works |
| A commercial unit at Alexandra Central | 321 Alexandra Road #03-11, Singapore | 99 years from 5 March 2021 | Preschool |
| Property at Tech Park Crescent | 65 Tech Park Crescent Singapore 637787 | 60 years from 18 August 1993 | Factory building |
| Workers' dormitory at Tanah Merah Coast Road | Lot 04962N Tanah Merah Coast Road, Singapore | 1 November 2017 to 31 December 2022 | Dormitory |
| A freehold parcel of industrial land with a single-storey detached office building | No. PTO 102945, Jalan Idaman, Senai Industrial Park, Senai, Johor, Malaysia | Freehold | Precast plant |
| Property in Johor Bahru, Malaysia | No 8, Jalan Purnama, Bandar Seri Alam, 81750 Masai, Johor Darul Takzim, Malaysia | Freehold | International school |
| Grosvenor Hotel Adelaide – A 181-room 6-storey hotel | 121-125 North Terrace, Adelaide, South Australia | Freehold | Hotel |
| Grand Park Kodhipparu Resort – A 120-villa resort | North Malé Atoll, Maldives | 50 years from 30 September 2013 | Hotel |

## HOTELS UNDER DEVELOPMENT

| Description | Location | Tenure | % Owned |
|---|---|---|---|
| Hyatt Regency Adelaide – A 284-room 21-Storey hotel | 51 Pirie Street, Adelaide, South Australia | Freehold | 100% |
| Samarafushi Lagoon (5-star resort) | North Malé Atoll, Maldives | 50 years from 9 August 2016 | 70% |

# SIGNIFICANT EVENTS

## 2020

### January

- Invested in Cybint International Pte. Ltd. ("Cybint"), an education and training solutions provider in cybersecurity, via the provision of a US$4.95 million convertible loan ("Cybint Convertible Loan").
- Completed the acquisition of Samarafushi Lagoon located in North Malé Atoll, Maldives, through a joint venture in which the Group has a 70% shareholding interest.

### February

- Awarded a $226.6 million contract by the Land Transport Authority to design and construct two stations and two associated viaducts for the Jurong Region Line.
- Professor Yaacob Bin Ibrahim joined the Company as an independent director.
- Established investment committee and announced changes to other board committees.
- Announced cessation of quarterly reporting of financial statements.

### March

- Awarded a $98.7 million building works contract by the Housing & Development Board.
- Commenced operations of the Invictus-branded kindergarten and primary school in Hong Kong SAR
- Awarded a $433 million contract to construct biosolids treatment and biogas handling facilities for Tuas Water Reclamation Plant.

Park Colonial, Singapore

### April

- Increased the Group's effective interest in Invictus International School Pte. Ltd. ("Invictus International") from 55.40% to 70.06% via the subscription of 106,000 new shares for approximately $10.3 million.

### May

- Terminated the investment in a real estate development project in Taicang City, the People's Republic of China.


### August

- Announced the rebranding of the Group's K-12 international school in Johor Bahru, Malaysia, to "Repton Malaysia".
- Established a 60:40 joint venture in the People's Republic of China with Dongguan Duowei Education Technology Co., Ltd. (东莞多维教育科技有限公司) to provide management and consultancy services to schools in the People's Republic of China which license the "Invictus" brand from the Group.

### September

- Converted the Cybint Convertible Loan in full into new shares, following which the Group holds a 33.33% shareholding interest in Cybint.
- Acquired the industrial property located at 65 Tech Park Crescent Singapore for $25.0 million.
- Increased the Group's effective shareholding interest in Invictus International from 70.06% to 89.58% via acquisition of all the shares of an exiting shareholder for $3.0 million and subscription of 86,000 new shares for approximately $5.0 million.

### November

- Renamed the holding company for the Group's education business segment from CES Education Pte. Ltd. to Sing-Ed Global Schoolhouse Pte. Ltd.
- Further invested $1.35 million in the Group's associated company, Amdon Consulting Pte. Ltd., via a convertible note.

### December

- Entered into a contract of sale to dispose the property located at 15-55 and 85 Gladstone Street, South Melbourne, Australia ("Gladstone Property"), for A$65 million.
- Announced the termination of the kindergarten collaboration with Repton International Schools Ltd with effect from 31 March 2021.
- Awarded $32.9 million design and build contract for upgrading projects by the Housing & Development Board.
- Acquired Boustead Salcon Water Solutions Pte. Ltd., a fully integrated engineering, procurement, construction and maintenance contractor, for approximately $7.3 million.
- Increased the Group's effective shareholding interest in Invictus International from 89.58% to 92.65% via the subscription of 172,000 new shares for approximately $10.0 million.

## 2021

### February

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

### March

- Completion of the sale of the Gladstone Property.

# AWARDS & CERTIFICATIONS

### LIST OF AWARDS 2020–2021

| Type of Award | Description / Award |
|---|---|
| Commendation | WSH Culturesafe (Certificate of Commendation) for Bidadari C6 & C7 – Alkaff Oasis |
| Commendation | WSH Culturesafe (Certificate of Commendation) for Sengkang C39 / C40 @ Fernvale Lane |
| Commendation | WSH Council (Certificate of Commendation) to Chip Eng Seng Contractors (1988) Pte Ltd for supporting bizSAFE Program for more than a decade |
| Excellent | BCA Green and Gracious Builder Award for CES_SDC Pte. Ltd. |
| Commendation | bizSAFE Star (Certificate of Commendation) for CES_SDC Pte. Ltd. |
| Excellent | BCA Green and Gracious Builder Award for CES Engineering & Construction Pte. Ltd. |
| Excellent | BCA Green and Gracious Builder Award for Chip Eng Seng Contractors (1988) Pte Ltd |
| Winner | WSH Performance (Silver) Award 2020 by WSH Council for Chip Eng Seng Contractors (1988) Pte Ltd |
| Winner | WSH SHARP Award for Woodleigh Glen for Bidadari C8 / C9 |

# CORPORATE INFORMATION

### NON-EXECUTIVE CHAIRMAN AND NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR
**Celine Tang**

### EXECUTIVE DIRECTORS
**Chia Lee Meng Raymond** *PBM*
Executive Director and
Group Chief Executive Officer

**Tan Tee How**
Executive Director

### NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR
**Yam Ah Mee**

### INDEPENDENT DIRECTORS
**Ang Mong Seng** *BBM*
Lead Independent Director
**Abdul Jabbar Bin Karam Din**
**Lock Wai Han**
**Low Teck Seng**
**Neo Boon Siong**
**Yaacob Bin Ibrahim**

### AUDIT AND RISK COMMITTEE
**Neo Boon Siong** – *Chairman*
**Abdul Jabbar Bin Karam Din**
**Lock Wai Han**
**Yaacob Bin Ibrahim**

### REMUNERATION COMMITTEE
**Ang Mong Seng** – *Chairman*
**Abdul Jabbar Bin Karam Din**
**Low Teck Seng**

### NOMINATING COMMITTEE
**Yaacob Bin Ibrahim** – *Chairman*
**Ang Mong Seng**
**Lock Wai Han**
**Low Teck Seng**

### INVESTMENT COMMITTEE
**Low Teck Seng** – *Chairman*
**Ang Mong Seng**
**Abdul Jabbar Bin Karam Din**

### SHARE REGISTRAR
**In.Corp Corporate Services Pte. Ltd.**
**(f.k.a. RHT Corporate Advisory Pte Ltd)**
30 Cecil Street #19-08
Prudential Tower
Singapore 049712

### REGISTERED OFFICE
171 Chin Swee Road
#12-01 CES Centre
Singapore 169877
Tel: 6801 0088
Fax: 6801 0038
Email: enquiry@chipengseng.com.sg
Website: www.chipengseng.com.sg

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

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

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

### PRINCIPAL BANKERS
DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
Hong Leong Finance Limited
Bank of China Limited (Singapore Branch)
Standard Chartered Bank
National Australian Bank
Malayan Banking Berhad (Singapore Branch)
CIMB Bank Berhad
RHB Berhad
The Hongkong and Shanghai Banking Corporation Limited


JENMON
40T
10
SPEED LIMIT

Sengkang Neighbourhood 4, Contract 39 & Contract 40, Singapore

## CONTENTS

# ABOUT THIS REPORT

This is Chip Eng Seng Corporation Ltd's ("Chip Eng Seng" or the "Company", and together with its subsidiaries, the "Group" ) 4th annual sustainability report that details our sustainability performance relating to material Environmental, Social and Governance ("ESG") factors. This is the first time our sustainability report has been included within our Annual Report. The earlier three sustainability reports were published as stand-alone sustainability reports.

## REPORTING PERIOD AND SCOPE

This report covers ESG data for the period 1 January 2020 to 31 December 2020. This report's ESG information mainly focuses on Chip Eng Seng's operations in Singapore, spanning across building construction, civil infrastructure, precast technology, property development, property investment, hospitality and education businesses that contribute to 96% of the Group's total revenue. Unless stated otherwise, overseas entities are currently excluded from the report as they represent a relatively small proportion of the Group's total revenue. However, we intend to include such data in future reporting.

## REPORTING STANDARDS

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

For the first time, we have aligned the disclosures with selected metrics from the Sustainability Accounting Standards Board's ("**SASB**") Engineering & Construction Services Sustainability Accounting Standard. The SASB Standards are industry-specific and reflect the financial materiality of topics. We have continued to integrate the United Nations Sustainable Development Goals ("**UN SDGs**") into our sustainability reporting. We have used the Greenhouse Gas ("**GHG**") Protocol Corporate Accounting and Reporting Standard to calculate our greenhouse gas emissions. We have reported our Scope-2 emissions using the location-based method as market-based emission factors are not available.

## REPORTING PRINCIPLES

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

## RESTATEMENTS

A minor adjustment has been made to the greenhouse gas emissions data for 2018 and 2019 owing to the latest revision in the grid emission factors by the Energy Market Authority, Singapore, published in October 2020.

## ASSURANCE

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

## AVAILABILITY

Our Annual Report 2020, which includes this report, is available in PDF format for download or online viewing on our corporate website at www.chipengseng.com.sg

## FEEDBACK

Stakeholders are welcome to send their feedback or suggestions regarding this report to us at sustainability@chipengseng.com.sg

## BOARD STATEMENT

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

## SUSTAINABILITY GOVERNANCE

The Board provides strategic direction for adopting and implementing sustainability strategies and policies and oversees the management and monitoring of the sustainability policies.

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

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

Senior representatives from various business divisions and departments actively contribute to sustainability initiatives.

## CORPORATE GOVERNANCE AND ETHICS

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

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

## ANTI-CORRUPTION

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

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

## REGULATORY COMPLIANCE

The Group is committed to complying with applicable economic, environmental, labour and social laws. Complying with applicable laws is a top priority for the Group as non-compliance may result in penalties, stop-work order, and reputation loss. To ensure compliance, we regularly review labour, environmental and public health regulations to update and implement the necessary policies and practices. We disseminate regulatory updates to the relevant employees to help them stay up to date with legal requirements.

There were no significant fines in the reported period for non-compliance with laws in the social and economic area.

# ABOUT THIS REPORT

## WINNING ACCOLADES

In 2020, the Group continued to win an array of awards and recognition that reflect our total commitment to quality, safety and sustainable development. Listed below are our recent honours.

| **2020** | |
|---|---|
| Commendation | Commended for supporting the bizSAFE Program for more than a decade by the WSH Council: Chip Eng Seng Contractors (1988) Pte Ltd |
| Silver | The WSH Performance (Silver) Award 2020: Chip Eng Seng Contractors (1988) Pte Ltd |
| Winner | The WSH SHARP Award: Chip Eng Seng Contractors (1988) Pte Ltd for Woodleigh Glen |
| Excellence | The BCA Green and Gracious Builder Award: Chip Eng Seng Contractors (1988) Pte Ltd |
| Excellence | The BCA Green and Gracious Builder Award: CES Engineering & Construction Pte Ltd |
| Excellence | The BCA Green and Gracious Builder Award: CES_SDC Pte Ltd |
| Commendation | bizSAFE Star Certification: CES_SDC Pte Ltd |

| **2019** | |
|---|---|
| Winner | HDB Construction Safety Award (Building Category) for Woodlands N1C26 & C27 |
| Merit | HDB Construction Safety Award (Building Category) for Tampines N6C1A/1B |
| Winner | HDB Construction Award for Tampines Green Ridges (Tampines N6C1A/1B) |
| Winner | WSH SHARP Award for Grandeur Park Residences at New Upper Changi Road/Bedok South Avenue 3 |
| Winner | WSH SHARP Award for Marsiling Greenview at Woodlands N1C26 & C27 |
| Winner | WSH SHARP Award for Alkaff Oasis at Bidadari C6 |
| Winner | WSH SHARP Award for Alkaff Oasis at Bidadari C7 |
| Silver | WSH Performance (Silver) Award to CES Engineering & Construction Pte Ltd |
| Bronze | SCAL WSH Innovation Award to CES Engineering & Construction Pte Ltd (Grandeur Park Residences) – "Smart MV Shaft Formwork" |
| Commendation | WSH CultureSAFE (Certificate of Commendation) for Bidadari C6/C7 Alkaff Oasis |
| Commendation | WSH CultureSAFE (Certificate of Commendation) for Bidadari C8/C9 |
| Best of Category | LIAS (Landscape Industry Association Singapore) Award (Implementation – Residential category) for Tampines Green Ridges (Tampines N6C1A/1B) |

| **2018** | |
|---|---|
| Winner | HDB Construction Safety Award 2018 for Sembawang N1C10 |
| Winner | WSH Safety and Health Award Recognition for Projects (SHARP) Award for Alkaff Oasis, Bidadari C7 |
| Winner | WSH Safety and Health Award Recognition for Projects (SHARP) Award for Green Ridges, Tampines N6C1A/1B |
| Winner | WSH Safety and Health Award Recognition for Projects (SHARP) Award for Marsiling Greenview, Woodlands N1C26 & C27 |
| Winner | WSH Safety and Health Award Recognition for Projects (SHARP) Award for Alkaff Oasis, Bidadari C6 |
| Commendation | WSH CultureSAFE for Bidadari C6/C7 Alkaff Oasis |
| Commendation | WSH CultureSAFE for Marsiling Greenview, Woodlands N1C26 & C27 |
| Merit | SCAL Productivity & Innovation Award to CES Engineering & Construction Pte Ltd |

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

## PROTECTING FROM COVID-19

Protecting our people, customers, visitors, suppliers, and contractors became our top priority as the COVID-19 pandemic hit. We worked closely with the relevant authorities to comply with their virus containment measures and looked after our people across our markets in Singapore, Malaysia and Australia, which enforced lockdowns and movement restrictions.

We implemented several measures in our offices and workplaces that included wearing masks, safe distancing, temperature taking, and emergency procedures. We have also introduced virtual meetings as a preferred option to minimise physical proximity.

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

### Measures at Property Showroom Galleries

To continue serving our home buyers, we introduced Safe Management Measures ("**SMM**") at our showroom galleries in step with various phases of COVID-19 restrictions. When operating sales galleries were not permitted during the circuit-breaker period, we introduced virtual tours to view available units on the website and over Zoom. We also organised virtual meetings to share information about various projects.

We had already digitised the sales process before the COVID-19 pandemic, which allowed us to carry on marketing activities with minimal disruption. A method to digitally sign sales documents was introduced to reduce the need for physical presence.

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

### Measures at Construction Sites and Factories

All our construction sites and precast factories promptly implemented the required SMM and appointed Safe Management Officers and Safe Distancing Officers to assist in the implementation and coordination of SMM at their respective workplaces. The SMM were also implemented at offsite worker dormitories. All construction sites and precast factories implemented staggered reporting, break times, meal times, end work, transportation departure and arrival times between worksite and dormitory to prevent possible overcrowding and congregation of employees at shared facilities. The use of TraceTogether App or Token with SafeEntry is mandated at all our construction sites and precast factories for contact tracing. Ministry of Manpower's FWMOMCare App was deployed at worker's dormitories to monitor foreign workers' health status to ensure their well-being.

### Keeping Our Schools Safe

Our schools adopted extensive measures to reduce the transmission risk and protect the students, the staff and visitors. The measures included staggered arrival and dismissal timing, temperature recording on arrival, requiring teachers and students to wear the mask or the face shield, enhanced hygiene, frequent cleaning of spaces, regular hand washing and safe distancing in classrooms and during other activities. To promote awareness, our schools displayed reminder posters. In Singapore, Invictus Schools also installed protective screens on student desks to minimise physical contact.

Working closely with the Early Childhood Development Agency, all our Kindergartens and Childcare Centres adopted stringent COVID-19 measures to protect students and staff in school premises. School furniture was rearranged, and markings on floors introduced to assist the children and staff in safe distancing. Online lessons and tutoring were introduced, and the parents were kept updated and engaged through a web-based app. The school management hosted an online weekly "Happy Hour" to share strategies with parents for home-based learning and gather feedback.

All our Primary Schools took similar measures mandated by the Committee of Private Education. The Perse School (Singapore) offered 4 hours of Home-Based Learning via Microsoft Teams Video Call. The school also introduced a weekly well-being session for students.

### Measures at Our Hotels

Our hotel partners took proactive measures to ensure the health, safety and well-being of our employees, guests and business partners through this unprecedented crisis. We introduced elevated hygiene and protection protocols across our hotel properties. The new steps included enhanced staff training, cleaning protocols and food safety measures, Safe Entry Management System, safe distancing measures, and compliance with government orders, guidelines, and advisories on COVID-19.

In Singapore, Park Hotel Alexandra has attained SG Clean certification by Enterprise Singapore and the Singapore Tourism Board to ensure the highest hygiene and sanitation standards. Our resort in the Maldives was awarded "Safe Travels Stamp" by The World Travel and Tourism Council to provide confidence to travellers and re-establish consumer confidence in travel and tourism.

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

Chip Eng Seng remains committed to working with our stakeholders, partners and regulatory agencies to keep our societies and economies safe from the pandemic. As vaccination drives gain momentum, we look forward to rebuilding our businesses for resilience and a sustainable future.

| PERFORMANCE SUMMARY | | | |
|---|---|---|---|
| **MATERIAL ESG FACTORS** | **2018** | **2019** | **2020** |
| **ENVIRONMENTAL[1]** | | | |
| Carbon emissions at building construction sites ($tCO_2$)[2] | 4,193 | 4,016 | 2,511 |
| Carbon emissions intensity at building construction sites ($KgCO_2$ /$m^2$)[3] | 24.39 | 27.34 | 53.70 |
| Electricity consumption at building construction sites (kWh) | 1,504,841 | 827,756 | 1,476,197 |
| Energy consumption at building construction sites (GJ)[2] | 57,181 | 56,462 | 33,061 |
| Energy intensity at building construction sites (GJ/$m^2$)[3] | 0.33 | 0.38 | 0.71 |
| Waste (non-hazardous) at building construction sites (tonnes) | 5,499 | 4,631 | 3,106 |
| Waste (non-hazardous) intensity at building construction sites (kg/$m^2$) | 31.98 | 31.53 | 66.41 |
| Water consumption at building construction sites ($m^3$) | 184,741 | 140,529 | 116,755 |
| Water consumption intensity at building construction sites ($m^3$/$m^2$) | 1.07 | 0.96 | 2.50 |
| **SOCIAL** | | | |
| **Employees** | | | |
| Construction, Property Development and Corporate | 369 | 357 | 485 |
| Education | 134 | 188 | 236 |
| Hospitality | 159 | 152 | 92 |
| Female employees (%) | 36.0 | 51.9 | 44.6 |
| Female managers and supervisors (%) | 34.0 | 44.3 | 34.9 |
| Average training hours per employee | 7.9 | 7.2 | 8.4 |
| Training expenditure per employee (S$) | 209 | 320 | 125 |
| Employee turnover rate[4](%) | 17.3 | 16.5 | 22.7 |
| New hires | 68 | 182 | 276 |
| **Occupational Health and Safety[5]** | | | |
| Accident Frequency Rate ("**AFR**") | 0.6 | 0.6 | 0.8 |
| Workplace Injury Rate ("**WIR**") | 186.2 | 190.7 | 90.4 |
| Accident Severity Rate ("**ASR**") | 26.0 | 34.0 | 15.0 |
| Occupational Disease Rate | 0.0 | 0.0 | 0.0 |
| Fatal Accidents | 0.0 | 0.0 | 0.0 |
| **Community** | | | |
| Community donations ($) | 153,799 | 328,358 | 78,228 |

**Notes**:

(1) Environmental data refers to building construction sites in Singapore. Environmental data for civil infrastructure, education and hospitality divisions have been reported separately for comparability in the Environment chapter.

(2) Carbon emissions and energy data include purchased electricity and fuel consumption.

(3) Please refer to page 48 and 49 for the explanation for consumption and intensity in 2020.

(4) Employee turnover rate refers to corporate, construction and property development divisions. The turnover rate for the education division is reported separately to ensure comparability in the People chapter.

(5) Occupational health and safety data in construction division exclude project sites that the Company has less than 50% equity participation. Calculation formula: AFR = (No. of Injuries / Total Man Hours) x 1,000,000, WIR = (No. of Fatal and Non-Fatal Workplace Injuries / No. of Employed Persons) x 100,000, ASR = (Lost of Man Day / Total Man Hours) x 1,000,000.

# SUSTAINABILITY APPROACH

**Our approach is to create long-term value for our stakeholders and shareholders by growing our businesses sustainably.**

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

Over the years, the Group has always strived for excellence and has won numerous awards in workplace safety and health, construction quality, environment, productivity, innovation, and corporate transparency. Sustainability remains at the core of our growth strategy as we expand internationally and diversify into new business segments. We remain steadfast in managing our material environmental, social, and economic impact to maximise stakeholders' value.

The COVID-19 pandemic has tested the resilience of businesses. We are committed to working with all stakeholders to rebuild better and stronger. Climate change risk has instilled a global sense of urgency to meet the Paris Agreement aspirations. We will continue to do our part in reducing greenhouse gas emissions from our businesses by investing in lower-carbon alternatives and technologies while increasing renewable energy adoption. Our support also continues for the UN SGDs as the need to build resilient, just and sustainable societies has become more critical than ever.

## SUSTAINABILITY TARGETS

In line with our approach, we have established targets for our material ESG topics to monitor, review and report our sustainability performance. Detailed disclosures about our performance against targets can be found in this report.

# OUR STAKEHOLDERS

## Forging trusted relationships with our stakeholders is crucial for the sustainable growth of our business.

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

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

| Stakeholder Groups | Topics and Concerns | Engagement Methods |
|---|---|---|
| Customers<br><br>Construction, Property Development and Investment: Clients, Homebuyers and Tenants<br><br>Hospitality: Hotel Guests<br><br>Education: Students and Parents | **Clients**<br>• Compliance with environmental and safety standards<br>• Productivity and innovation<br><br>**Homebuyers**<br>• Good workmanship<br>• Good quality and design<br>• Prompt rectification<br>• Clear communication<br>• Timely completion of projects<br>• Legal and contractual compliance<br><br>**Tenants**<br>• Workplace safety and health<br>• Good management of facilities<br><br>**Hotel Guests**<br>• Service quality<br>• Safety and security<br>• Food safety and hygiene<br><br>**Students and Parents**<br>• Quality of education<br>• Safety and security | • Regular project updates<br>• Tenancy agreements<br>• Customer service<br>• Submission of performance survey reports<br>• Website<br><br>Our brand partners regularly engage hotel guests to ensure their stay is pleasant and comfortable.<br><br>The respective school management engages parents through updates, notices and meetings. Teachers and school staff engage students through learning and extra-curricular activities. |
| Employees | • Safety, health and well-being<br>• Training and development<br>• Job security<br>• Career advancement<br>• Fair remuneration and rewards<br>• Employee welfare<br>• Work-life balance | • Regular meetings<br>• Internal communication<br>• Training<br>• Performance reviews |
| Government and Regulators | • Regulatory compliance<br>• Responsible business practices<br>• Productivity and innovation<br>• Sustainability reporting | • Compliance updates<br>• Timely data reporting<br>• Participating in stakeholder consultations by government agencies<br>• Participating in government committees<br>• Sustainability reports |

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

## MEMBERSHIP OF ASSOCIATIONS

We support various industry associations and forums through membership and participation in events and dialogues. Some of the associations to which our Group contributes as a member are listed below:

- Singapore Business Federation
- Singapore National Employers Federation
- Singapore Institute of Directors
- The Singapore Contractors Association Ltd
- Singapore Institute of Surveyors and Valuers
- Real Estate Developers' Association of Singapore

# MATERIALITY

In 2020, we conducted a comprehensive re-assessment of our ESG impacts. Facilitated by an external sustainability consultant, senior management representatives from various business divisions participated in a materiality workshop to review and validate the most significant economic, environmental and social impacts, both positive and negative, from our operations. The materiality assessment considered stakeholders' interests, reporting by peers and the major sustainability trends.

The materiality review also evaluated the relevant ESG topics for our hospitality and education businesses for the first time. This report, therefore, includes enhanced disclosures relating to these two business divisions.

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

| Material ESG Factors | | | |
|---|---|---|---|
| **Material Topics** | **Our Involvement** | **Businesses Where the Impact is Material** | **Management Approach** |
| **OUR ENVIRONMENT** | | | |
| Energy | Direct and through business relationships with sub-contractors, tenants and brand partners | • Real Estate<br>• Hospitality | Take energy efficiency measures in design, construction and management |
| GHG Emissions | Direct and through business relationships with sub-contractors, tenants and brand partners | • Construction<br>• Hospitality | Minimise $CO_2$ emissions during construction and in managing properties |
| Waste (non-hazardous) | Direct and through business relationships with sub-contractors, tenants and brand partners | • Construction<br>• Hospitality | Minimise waste during construction and in managing properties |
| Water | Direct and through business relationships with sub-contractors, tenants and brand partners | • Construction<br>• Hospitality | Minimise and conserve water during construction and in managing properties |
| Environmental Compliance | Direct and through business relationships with sub-contractors, tenants and brand partners | • Construction<br>• Hospitality | Minimise and conserve water during construction and in managing properties |
| **OUR PEOPLE** | | | |
| Occupational Health and Safety | Direct and through business relationships with sub-contractors and brand partners | • All Business Divisions | Strive for a zero accident workplace |
| Employment | Direct and through business relationships with our brand partners | • All Business Divisions | Build a fair and high performing workplace |
| Training and Education | Direct and through business relationships with our brand partners | • All Business Divisions | Provide ongoing opportunities for skills and personal development |
| **OUR CUSTOMERS** | | | |
| Customer Health and Safety | Direct and through business relationships with our brand partners | • All Business Divisions | Ensure health, safety and security of our customers |
| Customer Privacy | Direct and through business relationships with our brand partners | • All Business Divisions | Protect and safeguard personal data |
| **OUR GOVERNANCE** | | | |
| Anti-corruption | Direct and through business relationships with sub-contractors and brand partners | • All Business Divisions | Maintain zero tolerance for fraud and corruption |
| Regulatory Compliance | Direct and through business relationships with sub-contractors and brand partners | • All Business Divisions | Comply with applicable laws and regulations |

## CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We have aligned our ESG priorities with the UN SDGs underpinning our support for sustainable development. Out of the 17 UN SDGs, we have identified 8 goals, where we see an opportunity to contribute.

We have established specific ESG targets that directly support various UN SDG targets.

| Material ESG Factors | Our Annual Targets | UN SDGs Supported |
|---|---|---|
| **ENVIRONMENT**<br>• Energy<br>• GHG Emissions<br>• Waste (non-hazardous)<br>• Water | **Building Construction**<br>• Energy: < 0.49 $GJ/m^2$<br>• GHG Emissions: < 34.92 $kgCO_2/m^2$<br>• Water consumption: < 0.90 $m^3/m^2$<br>• Waste (non-hazardous): < 30.00 $kg/m^2$ HDB Project, < 40.00 $kg/m^2$ Private Project<br><br>**Hospitality**<br>• Electricity consumption: 28.47 kWh/room night<br>• Water consumption: 0.32 $m^3$/room night<br><br>**Education**<br>• Electricity consumption: 67.00 $kWh/m^2$ for the next 3 years<br>• Water consumption: Reduce by 15% over 3 years to 11.8 litre/population/day by 2023 | 7 AFFORDABLE AND CLEAN ENERGY<br>13 CLIMATE ACTION<br>12 RESPONSIBLE CONSUMPTION AND PRODUCTION<br>6 CLEAN WATER AND SANITATION<br>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |
| **SOCIAL**<br>• Occupational Health and Safety<br>• Employment<br>• Training and Education | **Occupational Health & Safety**<br>• Zero fatalities across operations<br>• Zero accidents across operations<br>• Zero occupational diseases across operations<br><br>**Turnover**<br>Maintain employee turnover rate below the national average for the sector<br><br>**Training**<br>Average training hours - 8.6 hours/employee | 8 DECENT WORK AND ECONOMIC GROWTH<br>4 QUALITY EDUCATION |
| **GOVERNANCE**<br>• Regulatory Compliance<br>• Customer Privacy<br>• Anti-Corruption | **Compliance**<br>• Zero incidents of non-compliance with applicable environmental and socio-economic regulations<br>• Zero breaches of Personal Data Protection policy<br><br>**Anti-Corruption**<br>• Zero incidents of fraud or corruption | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |

# OUR ENVIRONMENT

## We are committed to minimising the environmental impact of our operations.

Our policy is to lower our environmental impact by focusing on energy efficiency, emission reduction, water conservation, and waste management. We have adopted a Green and Gracious policy in our construction business, the main contributor to the Group's environmental impact. Our sustainability practices incorporate green design, sustainable materials, productivity through technology and innovation, pollution control, and efficient construction practices.

We practice environmental responsibility across our businesses, spanning across building construction, civil infrastructure, precast technology, property development and investment, hospitality, and education.

### ENVIRONMENTAL MANAGEMENT SYSTEM

We have implemented a comprehensive Quality, Environment, Health and Safety ("**QEHS**") system to take a holistic approach to environmental management and quality and safety in our construction business. Our ISO 14001 certified Environmental Management system ensures accountability and continuous improvement at par with international standards.

We have adopted reduction targets for energy, emissions, water and waste. Our teams closely monitor the performance by collecting and reviewing environmental data.

We also engage our key stakeholders, including employees, building authorities, contractors and suppliers, to seek feedback and suggestions to improve our environmental performance.

### CLIMATE CHANGE

Climate change has become an existential threat to humanity. Increasing global temperatures can trigger extreme weather conditions, rise in sea-level, droughts and heatwaves, rainfall changes, floods and hurricanes, directly impacting food supplies, ecosystems, coastal stability and public health. There is a global urgency to transition to a lower-carbon economy.

As the world rallies to meet the aspirational global goal of limiting the temperature rise well below 1.5˚ Celsius as set out in the Paris Agreement, we are doing our part to reduce emissions from our business activities. In Singapore, we work closely with BCA to innovate, develop and implement green design and construction technologies. We also collaborate with HDB to build sustainable homes for Singaporeans.

### ENERGY

Grid electricity and diesel consumption at our construction sites constitute a significant part of our energy consumption. Our focus is on reducing energy intensity.

### ENERGY EFFICIENCY

In line with our environmental policy, we constantly look for ways to improve our operations' energy efficiency. In our construction business which accounts for most of our energy consumption, we continue to drive several energy-saving initiatives across our projects. Some of the ongoing efforts are as follows:

- Use energy-efficient LED Lights;
- Use 2-tick energy-saving air-conditioning units;
- Maintain air-conditioning temperatures at 25°C;
- Reduce the number of power generators to reduce diesel consumption;
- Deploy energy-saving office printers;
- Employee awareness campaigns to save energy;
- Use of window blinds to minimise the heat from outside;
- Instal motion-detection sensors in toilets to switch on or off lights automatically; and
- Noise meter powered by a solar panel.

In 2020, our building construction sites' absolute electricity consumption was 1,476,197 kWh as against 827,756 kWh in the prior year. During the same period, our operations consumed 0.72 ML of diesel compared with 1.39 ML in the preceding year. In 2020, the total energy intensity was 0.71 GJ/m$^2$ of gross floor area built against 0.38 GJ/m$^2$ in the previous year. We have revised our energy intensity target from 0.38 to 0.49 GJ/m$^2$ for the forthcoming year as we foresee relatively higher diesel consumption owing to advanced stage of construction at various active projects as well as more projects having prefabricated bathroom units and prefabricated prefinished volumetric construction which require generators of higher output hence, requiring higher usage of on-site power generators.

The electricity consumption was higher in 2020 than the prior year because of the switch from power generators to grid electricity at two project sites. Also, even though the construction activities was halted for a considerable period due to COVID-19 restrictions, electricity consumption continued for a number of amenities such as on-site worker dormitories, pumps, appliances and housekeeping. On-site diesel generators were also used during this period to support some essential maintenance and amenities. For these reasons the same period's energy intensity was higher due to lower gross floor area ("**GFA**") completion, which resulted from lockdown and later a shortage of workforce caused by the COVID-19 restrictions.

| Our Ongoing Annual Target | Performance in 2020 |
|---|---|
| **Energy** | |
| < 0.38 GJ/m$^2$ | 0.71 GJ/m$^2$ |
| **Emissions** | |
| < 34.92 kgCO2/m$^2$ | 53.70 kg$CO_2$/m$^2$ |

We also track electricity consumption in our head office building, including the common area but excluding the tenants' use. We measure and report the associated carbon emissions as well.

## GHG EMISSIONS

Greenhouse gas emissions in our operations arise from the use of electricity and fuel. We monitor carbon dioxide ("**$CO_2$**") emissions, the primary greenhouse gas resulting from electricity and diesel and regularly review our performance. Our efforts aim at reducing emissions intensity in our construction operations which accounts for most of our carbon footprint.

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

The total $CO_2$ emission from building construction activities in 2020 was 2,511 tonnes compared with 4,016 tonnes in 2019. The absolute emission in 2020 was lower due to a reduction in diesel consumption. Emissions intensity for the same period was 53.70 $kgCO_2/m^2$ and 27.34 $kgCO_2/m^2$, respectively. The emission intensity was larger due to lower GFA completion as the operations were affected by the COVID-19 restrictions.

Scope-1 direct emissions from diesel consumption accounted for 76% of our total $CO_2$ emissions, i.e. 1,908 $tCO_2$ at building construction sites in 2020.

Our Scope-2 emissions of 603 $tCO_2$ result from purchased electricity.

## BUILDING MATERIALS

We monitor the use of building materials to ensure efficiency, productivity and waste. Increasingly, we use precast concrete walls, which improve productivity and reduce pollution at the construction site. We also strive to use sustainable building materials that meet the Green Mark criteria established by BCA or have the Singapore Green Label.

Our materials use in the stated period is summarised below:

**Quantity of Materials Used**

| **Material** (tonne) | **2018** | **2019** | **2020** |
|---|---|---|---|
| Sand | 85,845 | 50,978 | 27,837 |
| Cement | 42,935 | 25,489 | 13,918 |
| Steel | 23,401 | 13,464 | 7,052 |

## WASTE MANAGEMENT

Our construction waste mainly comprises non-hazardous waste. Our approach is to reduce, reuse and recycle materials to minimise waste. We engage licensed waste management contractors for the safe disposal of our waste following the applicable regulations.

Total non-hazardous waste generated in 2020 was 3,106 tonnes compared to 4,631 tonnes in 2019. There was an increase in waste intensity as three projects approached their completion stage and also due to major demolition works carried out at a private development project.

| **Our Ongoing Annual Target** | **Performance in 2020** |
|---|---|
| **Construction Waste** | |
| HDB projects: < 30.00 $kg/m^2$ | 52.78 $kg/m^2$ |
| Private projects: < 40.00 $kg/m^2$ | 120.11 $kg/m^2$ |

## GREEN MARK

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

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

## WATER MANAGEMENT

We are committed to reducing water consumption. We have implemented policies and measures to ensure the efficient and responsible use of water consumption at construction sites and the properties that we manage. Our policy is to use water responsibly and implement conservation initiatives. We use water-efficient taps and fittings and dual flush closets with a 3-tick rating by the Public Utilities Board to save water.

Our measures include collecting rainwater at construction sites to reduce the demand for fresh water and reusing and recycling water. A silty water treatment system installed at project locations helps prevent water contamination. Our practice of using precast concrete has significantly reduced on-site water consumption.

# OUR ENVIRONMENT

## WATER EFFICIENCY

Our building construction sites practice several ongoing water efficiency measures. Some of the initiatives include the following:

- Harvesting rainwater to reduce the demand for fresh water;
- Reusing and recycling water as much as possible;
- Using PUB certified taps with 3 tick rating for water efficiency;
- Water-efficient closets with a dual flush;
- Using precast concrete, which significantly reduces on-site use of water;
- Using only "Singapore Green Label" cleaning products in canteens; and
- Applying eco-friendly natural products for toilet cleaning.

| Our Ongoing Annual Target | Performance in 2020 |
|---|---|
| **Water** | |
| < 0.90 $m^3/m^2$ | 2.50 $m^3/m^2$ |

In 2020, our water consumption at building construction sites was 116,755 $m^3$ as against 140,529 $m^3$ in 2019. For the same period, water intensity was 2.50 $m^3/m^2$ and 0.96 $m^3/m^2$, respectively. The water intensity was higher due to lower GFA completion affected by COVID-19 disruptions. Our water intensity target for the building construction business remains at 0.90 $m^3/m^2$.

## WASTEWATER MANAGEMENT

We are committed to reducing and responsibly managing the wastewater runoff from our construction sites. Our measures include prevention and control of water contamination from oil, chemical drums and bulk storage tanks. We implement the required earth control measures to manage silty discharge due to rain. Wastewater is collected, treated and discharged according to environmental regulations.

We also reuse wastewater and rainwater to wash vehicles before leaving the construction site, keeping the roads clean.

## POLLUTION CONTROL

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

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

Dust is a common issue at construction sites resulting from work involving concrete, cement, wood, stone, and silica. We install fine mesh screens to stop dust from dispersing. We also use water sprays to control dust pollution.

We engage with the surrounding communities to keep them informed of our upcoming construction schedules and promptly address any public pollution-related complaints. Our project team gets in touch with the neighbouring communities, including building owners and managing agents, before the project starts. The contact numbers and email addresses of key personnel such as the project manager and environmental control officer are shared with them as a direct feedback channel for any environmental issues. We also post the contact information at the existing HDB blocks lift lobby notice board and project boundary hoarding.

## REGULATORY COMPLIANCE

Complying with applicable laws is a top priority for the Group as non-compliance may result in penalties, stop-work order, and reputation loss. To ensure compliance, we regularly review environmental and public health regulations to update and implement the necessary policies and practices. Our target remains to have zero incidents of environmental, health and safety related fines.

In 2020, there were 8 incidents of compounded fines amounted to $29,200 related to vectors and noise issues at 5 of our building construction sites and at a development site. We have since taken corrective measures to prevent the recurrence of these problems.

## CIVIL INFRASTRUCTURE

The Group extended its construction business into civil infrastructure in December 2019 with the acquisition of CES_SDC Pte Ltd ("CES_SDC") (formerly known as Sembcorp Design and Construction Pte Ltd). A design and build construction service provider with an established track record in civil, industrial and utility infrastructure projects, CES_SDC offers a broad spectrum of engineering and construction services from tunnel boring to modular construction and can provide customised solutions to meet the diverse needs of clients.

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

The environmental performance data also includes joint ventures where CES_SDC has equal or more than 50% equity participation is as follows:

| Performance Summary | 2020 |
|---|---|
| Carbon emissions ($tCO_2$) | 1,279 |
| Diesel consumption (litre) | 152,099 |
| Electricity used (kWh) | 2,141,331 |
| Energy used (GJ) | 13,580 |
| Waste (tonnes) | 301 |
| Water consumption ($m^3$) | 74,707 |

## HOSPITALITY

The Group ventured into the hospitality industry in 2015 with its first hotel Park Hotel Alexandra operated by Park Hotel Group. We work closely with our hotel operator partners to maintain high environmental standards at our hotel properties. We monitor our properties' environmental performance against key indicators.

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

| Performance Summary | 2018 | 2019 | 2020 |
|---|---|---|---|
| Carbon emissions ($tCO_2$)[1] | 1,668,373 | 1,657,128 | 1,470,329 |
| Carbon emissions intensity ($kgCO_2$/room night) | 12.62 | 11.67 | 14.77 |
| Electricity consumption (kWh) | 3,966,651 | 4,056,616 | 3,599,336 |
| Energy consumption (GJ)[1] | 14,280 | 14,604 | 12,958 |
| Electricity intensity (kWh/room night) | 29.99 | 28.58 | 36.17 |
| Water consumption ($m^3$) | 45,244 | 46,101 | 27,514 |
| Water intensity ($m^3$/room night) | 0.34 | 0.32 | 0.28 |

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

## ENVIRONMENTAL TARGETS

Our ongoing annual targets at Park Hotel Alexandra, Singapore are as follows:

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

## EDUCATION

The Group entered the education business in 2018 through its wholly-owned subsidiary Sing-Ed Global Schoolhouse Pte Ltd (formerly known as CES Education Pte Ltd). In line with the Group's sustainability approach, we are committed to minimising our schools' environmental impact. Environmental performance data for our schools in Singapore that have operated substantially during the reported years are presented in the following table.

| Performance Summary | 2019 | 2020 |
|---|---|---|
| Carbon emissions ($tCO_2$)[1] | 170,258 | 175,812 |
| Carbon emissions intensity ($kgCO_2/m^2$) | 27.41 | 14.98 |
| Electricity consumption (kWh) | 416,780 | 430,384 |
| Energy consumption (GJ)[1] | 1,500 | 1,549 |
| Energy consumption intensity ($kWh/m^2$) | 67.09 | 36.67 |
| Water consumption ($m^3$) | 4,890 | 5,836 |
| Water consumption intensity (litre/population/day)[2] | 11.34 | 13.91 |

**Notes**:
(1) Carbon emissions and energy consumption refer to Scope 2 (purchased electricity).
(2) Water consumption intensity = Annual water consumption divide by (school population x no. of days in a year); school population includes no. of students and no. of staff

# OUR ENVIRONMENT

## ENVIRONMENTAL TARGETS

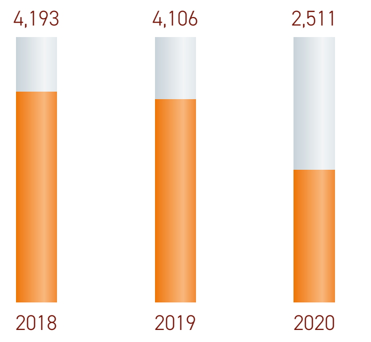
The ongoing annual targets adopted at our schools in Singapore are as follows:

- Energy intensity: 67.00 kWh/m$^2$ for the next 3 years
- Water intensity: reduce by 15% over 3 years to 11.80 litre/population/day by 2023

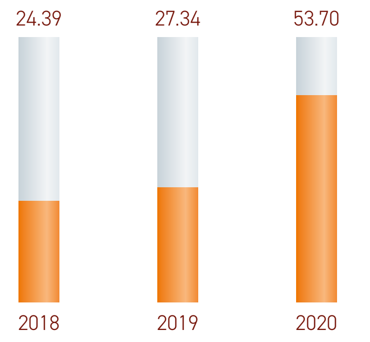
## ENVIRONMENTAL PERFORMANCE

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

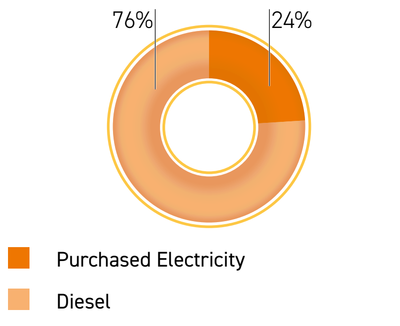
Carbon Emissions - Building Construction Site ($tCO_2$)



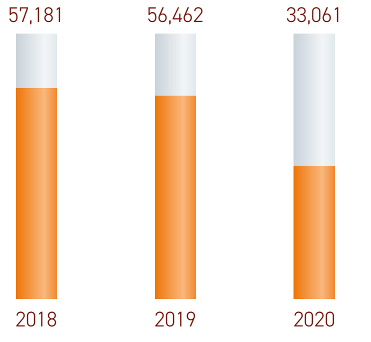

Carbon Emissions Intensity - Building Construction Sites ($kgCO_2/m^2$)



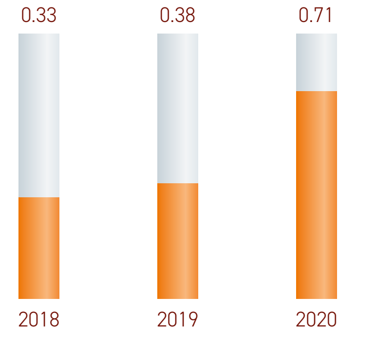

Sources of $CO_2$ Emissions - Building Construction Sites 2020



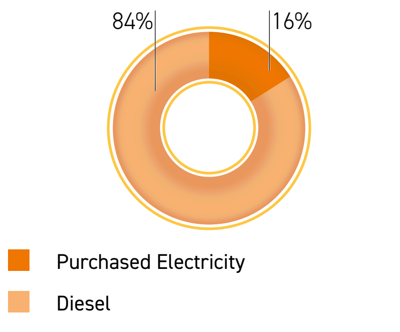

Energy Consumption - Building Construction Sites (GJ)



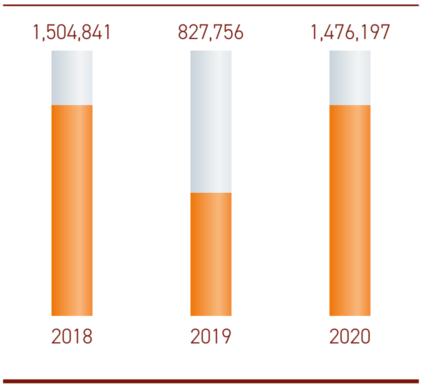

Energy Intensity - Building Construction Sites (GJ/m$^2$)



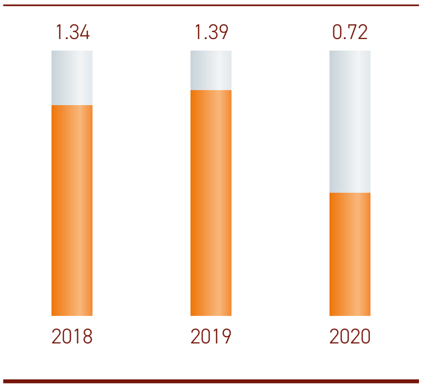

Energy Consumption by source - Building Construction Sites 2020



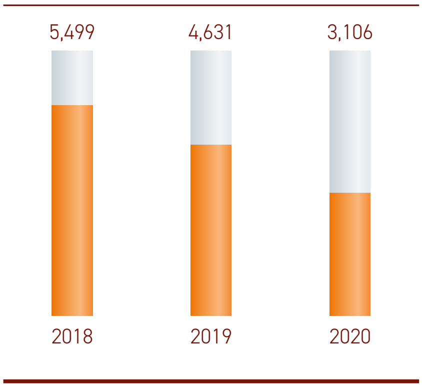
Electricity Consumption -
Building Construction Sites (kWh)



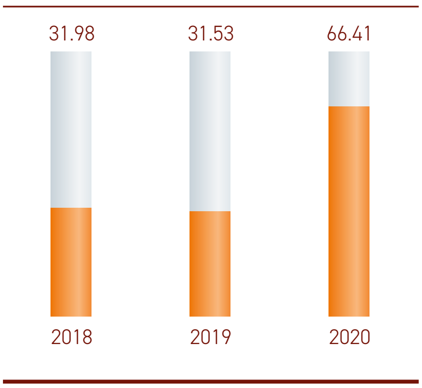

Diesel Consumption -
Building Construction Sites (ML)



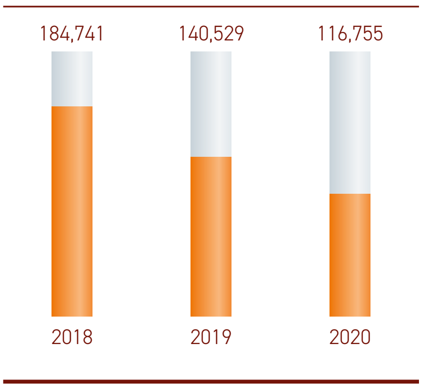

Waste (non-hazardous) -
Building Construction (tonne)



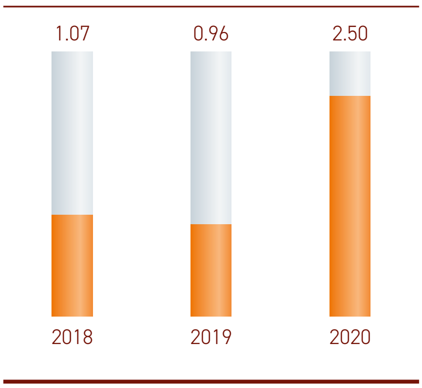

Waste (non-hazardous) Intensity -
Building Construction ($kg/m^2$)



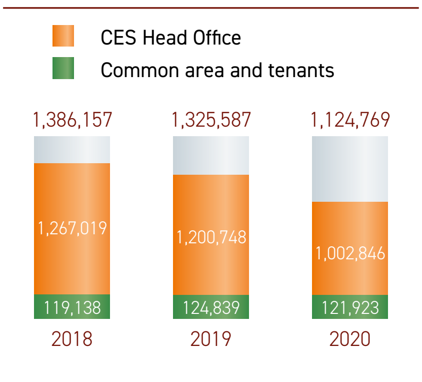

Water Consumption -
Building Construction Sites ($m^3$)



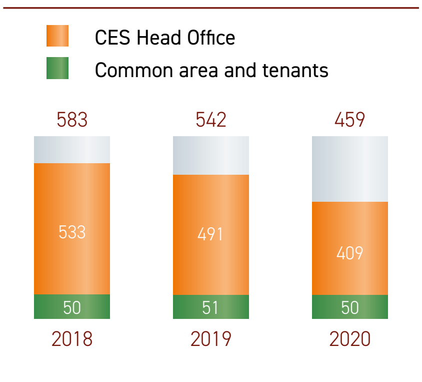

Water Consumption Intensity -
Building Construction Sites ($m^3/m^2$)



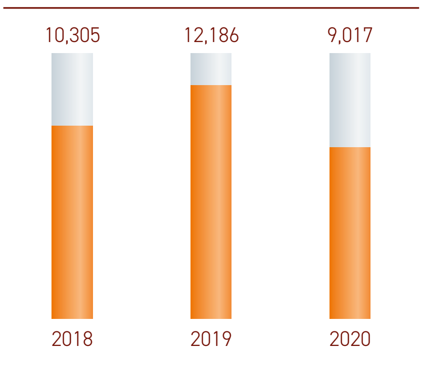

Electricity Consumption -
CES Centre (kWh)




Carbon Emissions -
CES Centre ($tCO_2$)




Water Consumption -
CES Centre ($m^3$)



# OUR PEOPLE

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

Our people are our most valuable asset. Our ability to attract and retain talented people to deliver high-quality projects and services is crucial to our success. Hiring and retaining competent, qualified and skilled employees is vital for our business. Our human resource policies promote a professional working environment built on mutual respect and trust. In our construction business, ensuring safety at project sites remains our foremost priority.

### EMPLOYMENT

As of the end of 2020, our Construction, Property Development, Corporate and Education Divisions in Singapore employed 680 full-time employees and 41 part-time employees. During the year, we hired 276 new employees. The average age of our employees is 41.2 years.

In addition, we employed 92 employees at Park Hotel Alexandra, Singapore, which is part of our hospitality business. Female employees occupied 42.0% of the managerial and supervisory roles in 2020 compared with 40.3% in the prior year.

We also employed 348 foreign construction workers who were on fixed-term contracts. The Ministry of Manpower ("**MOM**") regulates the hiring of foreign construction workers in Singapore.

### DIVERSITY

We promote an inclusive work culture. Diversity is reflected in our workforce, which comprises people from different backgrounds, nationalities, ethnicities, skills and experiences. We provide equal opportunities in employment, remuneration, training and promotion based on merit and performance.

In 2020, females accounted for 44.6% of our full-time employees and held 34.9% of supervisory and managerial positions. Among the new hires, the proportion of females was 47.8%.

### TRAINING

We provide ongoing training and development opportunities to ensure our people have the right skills to perform their job effectively. Investing in our people's development is also crucial for retaining and developing talent to support our business growth.

| Our Ongoing Annual Target | Performance in 2020 |
|---|---|
| **Average Training Hours**<br>8.6 hours/ employee | 8.4 hours/ employee |

In 2020, our employees attended training, workshops and conferences covering a wide range of topics throughout the year. Training topics included online end-user cybersecurity, first aid, safe management, workplace safety, construction productivity, health and environmental management, sustainability reporting, quality and productivity, lean construction, best practices for green and gracious builders, earth control measures, construction regulations, service excellence, virtual design and construction, contract management, project management, child first aid, ethical business conduct, latest developments in construction law, and personal data protection.

### EMPLOYEE TURNOVER

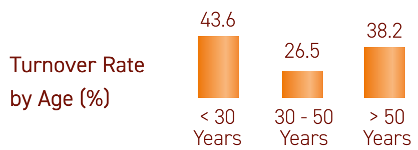
Employee retention is an integral part of human resource management. Our target is to maintain our employee turnover rate lower than the relevant national average. In 2020, our turnover rate for the construction, property development and corporate divisions in Singapore was 22.7%, higher than the national construction industry average rate of 16.4% (Source: Labour Market Survey 2020 (Q3)).

| Our Ongoing Annual Target | Performance in 2020 |
|---|---|
| Employee Turnover – To maintain below the national average for the construction sector | 22.7% against the national construction sector average of 16.4% |

The education division is a relatively new business segment which commenced operations in the second half of 2018. In 2020, its turnover was 32.2% compared to 37.7% last year. The turnover rate for male and female employees was 18.8% and 35.6%, respectively.

By age group, the education division's turnover rate is as follows:
43.6% for under 30 years, 26.5% for 30-50 years, and 38.2% for employees aged above 50 years.






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

### PERFORMANCE MANAGEMENT

Our performance management policy covers all permanent employees who participate in performance appraisal twice a year. The performance evaluation helps determine employees' training needs and develop career plans.

## EMPLOYEE BENEFITS AND WELFARE

We provide competitive compensation, bonuses, performance-based wage increments, and various benefits to attract and retain talented employees. Our full-time and part-time permanent employees are entitled to annual leave, enhanced child care leave, marriage leave, medical and hospitalisation leave and compassionate leave. The insurance benefits comprise Group Health Insurance, travel insurance and Work Injury Compensation Insurance. Staff welfare benefits include the annual company dinner, recreation activities, festival gatherings, bereavement donations and wreaths and newborn baby gifts.

## UPGRADING WORKFORCE SKILLS

Our skills improvement programme helps Basic-Skilled foreign construction workers upgrade to the Higher-Skilled R1 category following the criteria set out by the MOM. Investing in upgrading skills means higher productivity and a lower levy that we need to pay. Also, Higher-Skilled workers can be employed for an extended period of up to 26 years instead of just 14 years for Basic-Skilled workers.

In 2020, **71** Higher-Skilled R1 construction workers completed their Continuing Education and Training, amounted to **290 hours** in total.

Training will help them keep up with the latest code and regulations of the trade, new installation methods, equipment, materials, and tools leading to better work practices, quality, productivity, and health & safety.

## PROMOTING WORKPLACE SAFETY AND HEALTH

Workplace safety remains a critical issue for the construction sector. The construction industry accounted for the largest share of fatal injuries of any industry in Singapore, with 9 fatal injuries reported in 2020. With 74 incidents, the construction sector was the second-largest contributor to major injuries for the year, according to the Workplace Safety and Health Report 2019.

At Chip Eng Seng, we are committed to workplace safety and health excellence. Safety-first culture is an integral part of our business model. We are committed to maintaining high safety standards to ensure a safe workplace for our workers and contractors. We have built a strong safety culture across the Group ranging from top-level management to the site supervisors and workers.

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

Our employees receive ongoing safety briefings and training to understand the safety risks inherent in various construction activities and learn safe work practices.

Our target is to maintain a zero accident workplace.

| Our Ongoing Annual Target | Performance in 2020 |
| --- | --- |
| Zero reportable incidents | 3 reportable incidents |

The construction business division has a robust health and safety system and programmes. Throughout the year the health and safety teams at project sites performed site safety walks and safety promotions while corporate health and safety managers carried out scheduled inspections and non-compliance issues are reported during monthly safety committee meeting.

During the year, 14 project sites in the construction division which also included a factory at Senai, Malaysia were subjected to the health and safety inspections.

| Leading Indicators (Per Site) | Actual Average (Per Site) |
| --- | --- |
| Management Site Safety Walks | 17 |
| Site Safety Committee Average Attendance | 91% |
| Site Safety Inspections/Audits | 97 |
| Safety Promotions | 13 |

**Notes:**

**Management Site Safety Walk** = A safety walk is when a line manager or supervisor observes work taking place, inspects the workplace, and discusses safety performance with staff based on their observations. A safety walk is designed to help employees understand safety in real terms. By conducting a safety walk, management can point out unsafe practices when they occur in the real work environment, providing employees with safe alternatives and a means to understand why their practices are unsafe.

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

**Safety Promotion** = A set of means, processes and procedures that are used to develop, sustain and improve safety through awareness raising and changing behaviours. Safety promotion includes the development of products and actions such as reports and technical publications, bulletins, leaflets and posters, audio-visual material, toolkits, manuals and guides, social media and e-applications, and also conferences, safety events, roadshows and campaigns. Safety promotion is also about sharing best practices from the authorities and the industry. Safety promotion can also contribute to the dissemination of regulatory developments.

## SAFETY PERFORMANCE

We regularly monitor and review the safety performance at our construction sites against key performance indicators. A summary of our safety performance is in the following table.

| Year | Accident Frequency Rate (ARF) | Workplace Injury Rate (WIR) | Accident Severity Rate (ASR) | Total Recordable Incident Rate (TRIR) | Fatality Rate | Number of Fatalities | Occupational Disease Incidence Rate |
|---|---|---|---|---|---|---|---|
| 2018 | 0.6 | 186.2 | 26.0 | 0.1 | 0.0 | 0 | 0 |
| 2019 | 0.6 | 190.7 | 34.0 | 0.1 | 0.0 | 0 | 0 |
| 2020 | 0.8 | 90.4 | 15.0 | 0.2 | 0.0 | 0 | 0 |

**Notes:**
(i) Disclosures in 2019 and 2018 exclude the civil infrastructure business, which was acquired in December 2019.
(ii) All the rates above are combined figures for direct employees and contract employees.
(iii) In 2020, TRIR for direct employees and contract employees are 0.3 and 0.1 respectively.

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

## SAFETY AWARDS

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

In 2020, our projects received two health and safety awards:

| 2020 | |
|---|---|
| Silver | The WSH Performance (Silver) Award 2020: Chip Eng Seng Contractors (1988) Pte Ltd |
| Winner | The WSH SHARP Award: Chip Eng Seng Contractors (1988) Pte Ltd for Woodleigh Glen |

See the complete list of awards won over the past three years on page 40.

## HUMAN RIGHTS

We are committed to protecting human rights. Our policy bars discrimination, child labour and forced labour in our operations and the work performed by contractors and sub-contractors.

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

Our civil infrastructure subsidiary CES_SDC has a collective bargaining agreement with the Building Construction and Timber Industries Employees' Union (BATU), where 10 of our employees are union members.

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

## FOREIGN WORKERS

As is the standard industry practice in Singapore, we rely on foreign contract workers for our construction business hired from developing countries approved by MOM. As of the end of 2020, we employed 348 foreign construction workers.

MOM strictly regulates the hiring of foreign construction workers in Singapore. All foreign construction workers must also attend the Construction Safety Orientation Course or the Apply Workplace Safety and Health in Construction Sites training. We have implemented measures to protect their human rights during the hiring process, their stay in Singapore, and while they are at work on our project sites.

We provide clean housing facilities to our foreign workers in approved dormitories fitted with modern amenities. The facilities and services at the dormitories include dedicated cooking areas, laundry and recreational facilities such as gym and outdoor games courts. They also get free wireless internet access, televisions at the canteen and washing machines. We provide transport facilities for workers to travel between their residence and the construction site. The work sites also have spaces for parking bicycles.

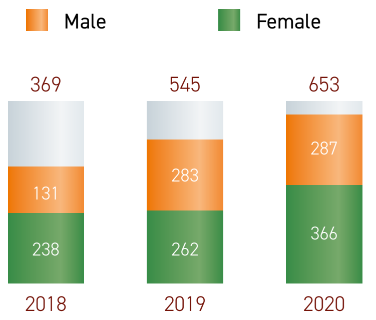
We offer monetary rewards and a certificate of recognition to workers who perform exceptionally well during the month to appreciate their contribution.

# OUR PEOPLE

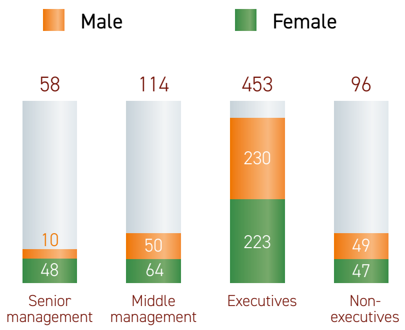
## PEOPLE PERFORMANCE

Employee data presented in the following charts exclude the hospitality division. The turnover data for the education division is reported separately on page 54.

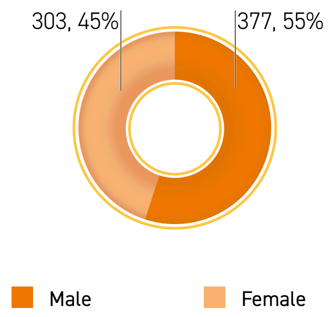
### Permanent Employees



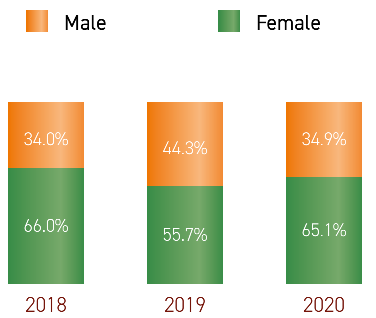

### Employees by Category - 2020



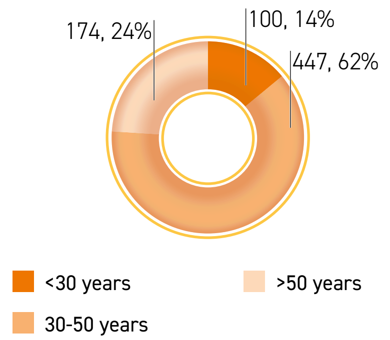

### Gender Diversity (Full Time Employees) - 2020



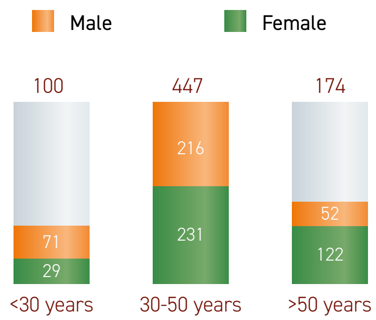

### Gender Diversity of Supervisors and Manager



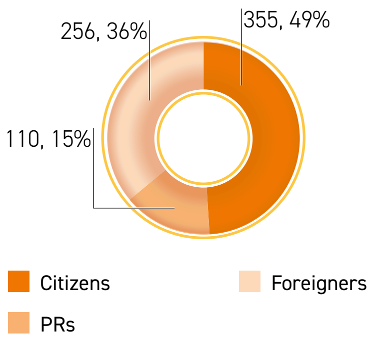

### Employees by Age Group - 2020



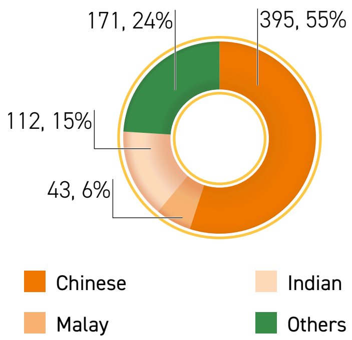

### Number of Employees by Age and Gender - 2020



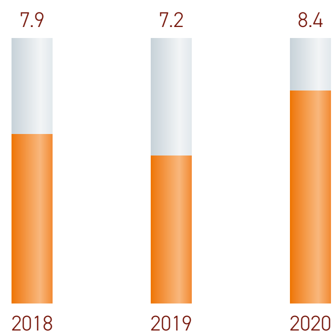

### Employees Profile - 2020



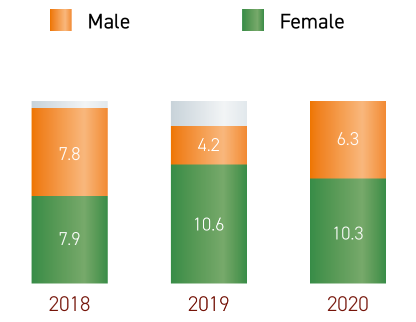

### Ethnic Diversity - 2020



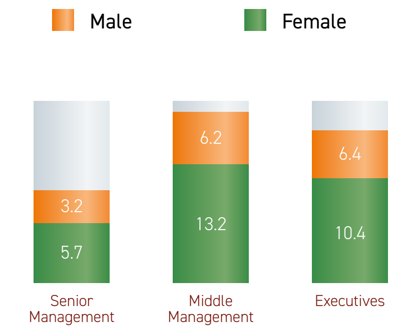

### Average Training Hours per Employee



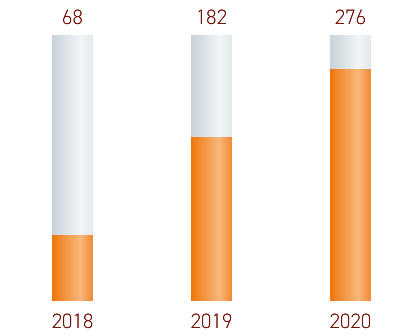
## Average Training Hours by Gender



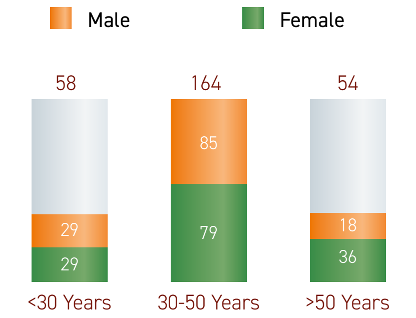

## Average Training Hours by Employment Category - 2020




## New Hiring

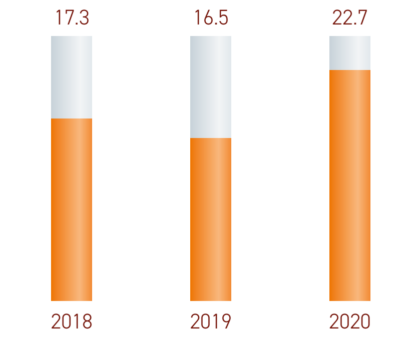



## New Hire by Age and Gender - 2020



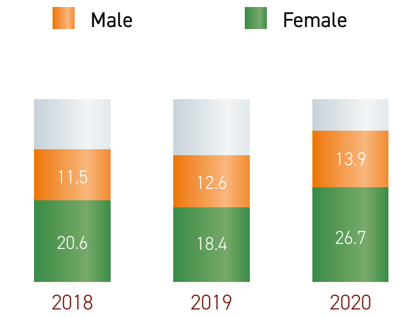

## Employee Turnover Rate (%)

(Construction, Property Development and Corporate)



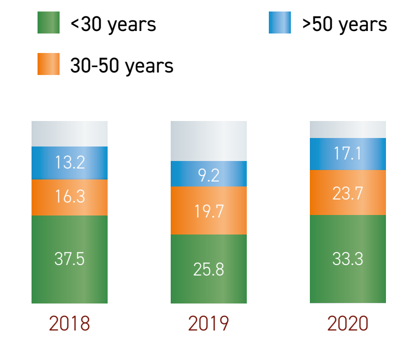

## Employee Turnover Rate by Gender (%)

(Construction, Property Development and Corporate)

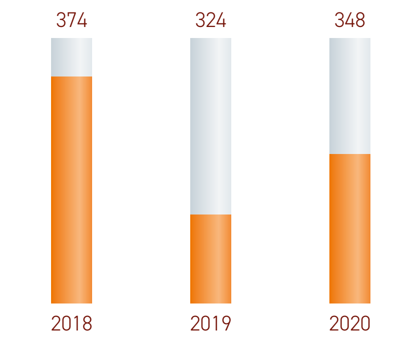



## Employee Turnover Rate by Age Group (%)

(Construction, Property Development and Corporate)




## Foreign Construction Workers



# QUALITY AND SAFETY

## We are committed to high standards of quality in construction and property development.

Chip Eng Seng has established a reputation for adopting high quality and safety standards in construction and development projects. We regularly invest in the most advanced and efficient construction technologies available to deliver high quality. We continuously upgrade and maintain our equipment to enhance safety, performance and productivity.

Public housing is a substantial component of our construction business. We understand the importance of ensuring high quality and workmanship for homeowners who invest their hard-earned income to buy a home. Delivering high-quality homes is crucial to our reputation.

We have a track record of completing all our projects ahead of schedule or within the target timeline.

### SUSTAINABLE CONSTRUCTION

We continue to apply green building standards, principles and technologies in our projects. Our Group companies have won multiple awards for our environmental initiatives over the years, including the BCA Green and Gracious Builder Award.

### INTERNATIONAL STANDARDS

Our various subsidiaries engaged in the construction business have obtained certifications to a range of international standards such as the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 that reflect our commitment to quality, environmental stewardship and workplace safety.

### QUALITY AND SAFETY STANDARDS

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

We have also implemented a robust defect management response policy to address any home buyers' complaints received within the defects liability period promptly. We take every complaint seriously, and the necessary rectification is carried out in a timebound manner after joint inspections.

### SUPPLIERS AND SUB-CONTRACTORS

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

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

We strive to use environmentally sustainable materials certified under the Singapore Green Labelling Scheme. It is a pre-requisite for all suppliers to meet the green product specifications before getting invited for our projects' tender or supply.

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

Our commitment to green construction is a core aspect of our sustainability approach. We are continually looking out for new products and materials that are more energy efficient or have lower greenhouse gas emissions and exploring new options with our supply chain partners.

### CUSTOMER SAFETY

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

In 2020, there were no incidents of non-compliance concerning the health and safety involving customers, tenants or visitors at properties in Singapore that we own and manage.

### DATA PRIVACY

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

In 2020, a two-day course on the Fundamentals of Personal Data Protection Act was attended by 12 of our managers who will champion privacy and data protection policies in the Group.

| Our Ongoing Annual Target | Performance in 2020 |
|---|---|
| Zero breaches of customer privacy and losses of customer data. | There were no confirmed cases concerning breach of customer privacy or loss of customer data. |

# OUR COMMUNITY

**We are committed to being a responsible corporate citizen.**

We believe it is essential for us to build a trusted relationship with the local communities by reaching out to the needy. Our corporate social responsibility activities have also helped to forge a stronger bond amongst our employees, customers and beneficiaries.

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

In 2020, the COVID-19 pandemic affected charity events and volunteering activities due to social distancing restrictions and lockdowns. However, we continued to provide cash donations towards various philanthropic causes where possible.

Food from the Heart, a non-profit food charity in Singapore dedicated to alleviating hunger for the less fortunate, runs a food distribution programme to the needy. With volunteer numbers being hit by the Covid-19 pandemic, our employees at Park Hotel Alexandra came forward to help behind the scenes to prepare food care packs.

## FUTURE TALENT

We offer internship opportunities to university and polytechnic students to help them gain practical working experience. We provided internship opportunities for a period ranging between 16 and 20 weeks to 5 undergraduate and polytechnic students during 2020.

We support the BCA-Industry iBuildSG Scholarship / Sponsorship programmes that aim to nurture future talent for the industry. The Group continued to provide sponsorship for BCA-Industry iBuildSG Undergraduate Scholarship for five students.

# GRI CONTENT INDEX

| GRI Content Index<br>'In accordance' - Core | | |
|---|---|---|
| **GRI Standard** | **Disclosure** | **Page Number(s)** |
| **GRI 101: Foundation 2016**<br>(GRI 101 does not include any standards) | | |
| **GRI 102: General Disclosures 2016** | | |
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| | 103-3 Evaluation of the management approach | 54–55 |
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## ENGINEERING & CONSTRUCTION SERVICES

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| **Environmental Impacts of Project Development** | IF-EN-160a.1 | Number of incidents of non-compliance with environmental permits, standards, and regulations | 50 |
| | IF-EN-160a.2 | Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction | 48–50 |
| **Structural Integrity & Safety** | IF-EN-250a.1 | Amount of defect- and safety-related rework costs | To be disclosed in future report |
| | IF-EN-250a.2 | Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents | To be disclosed in future report |
| **Workforce Health & Safety** | IF-EN-320a.1 | (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees | 56 |
| **Lifecycle Impacts of Buildings & Infrastructure** | IF-EN-410a.1 | Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification | Zero |
| | IF-EN-410a.2 | Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design | 48–50 |
| **Business Ethics** | IF-EN-510a.1 | (1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index | Zero |
| | IF-EN-510a.2 | Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices | 39 |
| | IF-EN-510a.3 | Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes | 39 |

| Activity Metric | SASB Code | Page Reference |
|---|---|---|
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# CORPORATE GOVERNANCE REPORT

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

This report sets out the Group's corporate governance practices that were in place throughout the financial year ended 31 December 2020 ("**FY2020**") with specific reference to the principles and provisions of the Code and guideline 2.4 of the Code of Corporate Governance 2012 (which is applicable prior to 1 January 2022), and where applicable, the SGX-ST Listing Manual. The Company has complied in all material respects with the principles and provisions in the Code. Where there is any deviation from any provisions of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in totality, rather than read separately under each principle of the Code.

## BOARD MATTERS

### PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

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

The principal duties of the Board include:

- providing entrepreneurial leadership and guidance to the management team of the Group ("**Management**") in setting the Company's strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its strategic objectives, which include appropriate focus on value creation, innovation and sustainability;

- overseeing financial reporting and reviewing the financial results of the Group;

- monitoring the implementation of strategies and reviewing the business performance of the Group;

- instilling an ethical corporate culture and ensuring that the Company's values, standards, policies and practices are consistent with its ethos and are adhered to, and ensuring that obligations to shareholders and other stakeholders are transparent, understood and met;

- considering sustainability issues such as environmental, social and governance factors, as part of the strategic formulation, including identifying key stakeholder groups;

- approving the appointment of directors of the Company ("**Directors**") and other key management personnel (as defined in the Code wherever it appears in this report), taking into consideration the recommendations of the Nominating Committee ("**NC**");

- approving the remuneration packages for the Directors who have an executive role in the Company ("**Executive Directors**") and other key management personnel, taking into consideration the recommendations of the Remuneration Committee ("**RC**");

- establishing prudent and effective internal controls and a risk management framework which enables risk to be assessed and managed, including safeguarding of shareholders' interest and the Group's assets, taking into consideration feedback and recommendations from the Audit and Risk Committee ("**ARC**");

- approving material acquisitions and disposals of assets, mergers and acquisitions, major corporate policies in key areas of operations, major funding, investment proposals, divestments, issuance of shares, dividends and proposals relating to shareholder returns, the Group's financial results and material interested person transactions ("**IPTs**"); and

- ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal codes of conduct.

Provision 1.1 - Director's conflicts of interest

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

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

Provision 1.2 - Induction and training of Directors

Newly-appointed Directors will receive formal letters of appointment, setting out their duties and obligations. The Group also conducts an orientation programme for new Directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices. Arrangements are also made for new Directors to meet Management for a better understanding of the Group's businesses and operations. In addition, the Chief Financial Officer ("**CFO**") provides the Board with regular updates on the Group's business performance and plans at quarterly Board meetings.

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

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

A summary of courses/seminars attended by certain Directors in FY2020 is as follows:

| **Course/Seminar provider** | **Course/Seminar name** |
|---|---|
| Singapore Institute of Directors ("**SID**") | Audit Committee Seminar 2020 |
| KPMG Services Pte. Ltd. | Emerging technology: Innovation, future of work and cyber |
| KPMG Services Pte. Ltd. | Geopolitical Risk Landscape |
| SID | Intangible Assets in a Tangible World Amidst Significant Economic Uncertainties |
| SID | Board Performance |
| SID | Listed Entity Director Essentials |
| SID | Board Dynamics |
| SID | Stakeholder Engagement |
| SID | LED Module 5: Audit Committee Essentials |
| SID | SID Webinar - "SGD 2 - Board Dynamics" |
| SID | SID Directors Conference |
| SID | CGR - Annual Corporate Governance Roundup |
| SID | Excellence in Corporate Governance – Board and Directors Fundamentals |

In addition, Mr. Abdul Jabbar Bin Karam Din ("**Abdul Jabbar**"), the Company's Independent Director, was the speaker for a module titled "LED 1: Listed Entity Director Essentials of the Listed Entity Director Programme in respect of Corporate Governance, Legislations and SGX Listing Rules" conducted by SID on 16 July 2020 and 6 October 2020.

Mr. Yam Ah Mee, who was appointed as a Non-Executive and Non-Independent Director on 12 December 2019, and Prof. Yaacob Bin Ibrahim who was appointed as an Independent Director on 20 February 2020, had no experience as a director of an issuer listed on the SGX-ST prior to their appointment. Mr. Yam Ah Mee and Prof. Yaacob Bin Ibrahim have since completed the Listed Entity Directors Programme conducted by SID within one year from the date of their respective appointment to the Board.

Provision 1.3 – Matters requiring Board's approval

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

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

Provision 1.4 - Delegation by the Board

The Board has delegated certain functions to various Board Committees, namely the ARC, the NC, the RC and the Investment Committee ("**IC**").

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

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

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

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

**Note:**

(1) Mr. Ang Mong Seng, who is retiring pursuant to Regulation 115 of the Company's Constitution at the conclusion of the forthcoming annual general meeting to be held on 23 April 2021, will not be seeking re-election. Following his retirement, he will also step down as the Lead Independent Director, the chairman of the RC and member of the NC and IC.

No alternate Director was appointed to the Board in FY2020.

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

Board Committee meetings, and general meetings

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

The details of the number of Board and Board Committee meetings, annual general meeting ("**AGM**") and extraordinary general meeting ("**EGM**") held from 1 January 2020 to 31 December 2020 as well as the Directors' attendance at those meetings are disclosed below:

| Name of Directors | General meetings | | | | | | Board Committee meetings | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | AGM | | EGM[1] | | Board | | ARC | | RC | | NC | | IC[2] | |
| | No. of meetings | | No. of meetings | | No. of meetings | | No. of meetings | | No. of meetings | | No. of meetings | | No. of meetings | |
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Celine Tang | 1 | 1 | - | - | 4 | 4 | | | | | | | | |
| Raymond Chia[3] | 1 | 1 | - | - | 4 | 4 | | | 1 | 1 | 1 | 1 | | |
| Tan Tee How | 1 | 1 | - | - | 4 | 4 | | | | | | | | |
| Yam Ah Mee | 1 | 1 | - | - | 4 | 4 | | | | | | | | |
| Ang Mong Seng[4] | 1 | 1 | - | - | 4 | 4 | 1 | 1 | 2 | 2 | 1 | 1 | - | - |
| Abdul Jabbar[5] | 1 | 1 | - | - | 4 | 4 | 5 | 5 | 2 | 2 | 1 | 1 | - | - |
| Lock Wai Han[6] | 1 | 1 | - | - | 4 | 4 | 5 | 5 | | | | | | |
| Low Teck Seng[7] | 1 | 1 | - | - | 4 | 4 | | | 1 | 1 | | | - | - |
| Neo Boon Siong[8] | 1 | 0 | - | - | 4 | 4 | 4 | 4 | | | | | | |
| Yaacob Bin Ibrahim[9] | 1 | 1 | - | - | 3 | 3 | 4 | 4 | | | | | | |

**Notes:**

(1) No EGM was held in FY2020.
(2) No IC meeting was held in FY2020 as all matters which came under the purview of the IC were reviewed and approved by the IC in writing.
(3) Mr. Raymond Chia stepped down as a member of the RC and NC on 20 February 2020. His attendance at the RC and NC meetings was recorded up to the date of his resignation thereof.
(4) Mr. Ang Mong Seng stepped down as the chairman of the ARC and was appointed as the chairman of the RC and a member of the IC on 20 February 2020. His attendance at the ARC meetings was recorded up to the date of his resignation thereof.
(5) Mr. Abdul Jabbar stepped down as the chairman of the NC and RC on 20 February 2020. He remains as a member of the RC. His attendance at the NC meeting was recorded up to the date of his resignation thereof.
(6) Mr. Lock Wai Han was appointed as a member of the NC on 20 February 2020. No NC meeting was held during the period from the date of his appointment to 31 December 2020.
(7) Prof. Low Teck Seng was appointed as a member of the RC and NC on 20 February 2020. No NC meeting was held during the period from the date of his appointment to 31 December 2020.
(8) Dr. Neo Boon Siong was unable to attend the AGM held on 29 May 2020 as he had taken ill on that day.
(9) Prof. Yaacob Bin Ibrahim was appointed as an Independent Director, the chairman of the NC and a member of the ARC on 20 February 2020. His attendance at the ARC, NC and Board meetings was recorded from the date of his appointment thereof. No NC meeting was held during the period from the date of his appointment to 31 December 2020.

Provision 1.6 - Complete, adequate and timely information

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

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

Provision 1.7 - Company Secretaries and independent professional advice

Directors have separate and independent access to the joint company secretaries of the Company ("**Joint Company Secretaries**"). The Joint Company Secretaries are responsible for, among other things, ensuring that Board procedures are observed and that the Company's Constitution, and relevant rules and regulations, including requirements of the Companies Act (Chapter 50) of Singapore and SGX-ST Listing Manual, are complied with. They also assist the Board to formulate and implement corporate governance practices and processes.

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

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

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

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

**PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE**

Provisions 2.1 and 4.4 - Directors' independence review

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

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

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

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

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

Mr. Ang Mong Seng, who is retiring pursuant to Regulation 115 of the Company's Constitution at the conclusion of the forthcoming AGM to be held on 23 April 2021, will not be seeking re-election. Following his retirement, he will also step down as the Lead Independent Director, chairman of the RC and member of the NC and IC. The Board, with the concurrence of the NC, is of the view that the Board size of nine Directors is adequate after Mr. Ang Mong Seng retires at the conclusion of the forthcoming AGM. Further, the Board and the NC have noted that the Independent Directors will still make up the majority of the Board after Mr. Ang Mong Seng retires at the conclusion of the forthcoming AGM.

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

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

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

Pursuant to provision 2.4 of the Code, the Board has adopted a board diversity policy ("**Board Diversity Policy**"). Having regard to the guidelines in the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, take into account factors including but not limited to gender, age, nationality, ethnicity, cultural background, educational background, experience, skillset, knowledge, independence and length of service. These differentiating factors will be considered in determining the optimum composition of the Board and where possible will be balanced appropriately.

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

The current composition of the Board reflects its commitment to the relevant diversity in gender, age, ethnicity, skills and knowledge. The core competencies of the Directors include banking, accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

No individual or select group of individuals dominates the Board's decision-making process as a majority of the Board (60%) is made up of Independent Directors. Accordingly, there is a strong and independent element on the Board and the Company complies with provisions 2.2 and 2.3 of the Code.

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

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

Provision 2.5 - Role of the NEDs

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

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

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

**PRINCIPLE 3: CHAIRMAN AND CEO**

Provisions 3.1 and 3.2 – Chairman and CEO

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

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

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

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

Provision 3.3 – Lead Independent Director

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

In view of Mr. Ang Mong Seng's retirement at the conclusion of the forthcoming AGM, the Board will in due course appoint one of its incumbent Independent Directors as the new Lead Independent Director.

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

**PRINCIPLE 4: BOARD MEMBERSHIP**

Provisions 4.1 and 4.2 – NC's duties and composition

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

1. Prof. Yaacob Bin Ibrahim (NC chairman)
2. Mr. Ang Mong Seng, Lead Independent Director
3. Mr. Lock Wai Han
4. Prof. Low Teck Seng

Following Mr. Ang Mong Seng's retirement at the conclusion of the forthcoming AGM, he will also step down as a member of the NC. The NC and the Board will in due course appoint one of its incumbent Directors as a member of the NC in place of Mr. Ang Mong Seng.

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

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

- making recommendations to the Board on relevant matters relating to succession plans for the chairman of the Board, Directors, Group CEO and other key management personnel (including regarding their appointment and/or replacement);

- making recommendations to the Board on relevant matters relating to evaluation of the performance of the Board, the Board Committees and the individual Directors. The NC also proposes and recommends for the Board's approval, objective performance criteria and processes for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the chairman of the Board and each individual Director to the Board;

- making recommendations to the Board on relevant matters relating to the training and professional development programmes for the Board and the Directors, including ensuring that new Directors are aware of their duties and obligations and undergo an appropriate induction programme;

- making recommendations to the Board on relevant matters relating to the appointment and re-appointment of all Directors (including any alternate Directors) and on membership of the Board Committees;

- regularly reviewing the structure, size and composition of the Board and Board Committees, having regarding to skillset, qualification, gender, age, experience and diversity;

- reviewing other directorships and principal commitments held by each Director and decide whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director, taking into consideration the number of listed company directorships held by the Director and his/her principal commitments; and

- reviewing and determining annually (or whenever necessary), the independent status of Directors (and that of the alternate Directors (if applicable)), having regard to the Code and the SGX-ST Listing Manual.

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

The principal activities of the NC during FY2020 are summarised below:

a. reviewed and recommended to the Board the appointment of Prof. Yaacob Bin Ibrahim as an Independent Director;

b. reviewed and recommended to the Board the formation of the IC and changes to the composition of the ARC, the RC and the NC;

c. reviewed and recommended to the Board the nomination of Directors for re-election at the AGM held on 29 May 2020;

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

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

f. reviewed the size and composition of the Board and each Board committee;

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

h. recommended training and professional development programmes for the Directors.

Provision 4.3 – Process for selection and appointment of new Directors

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

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

- After endorsement by the Board of the key attributes, the NC taps on resources such as Directors' personal contacts and recommendations for potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies will be appointed in the search process. No external search consultant was engaged during FY2020.

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

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

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

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

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

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

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

Pursuant to the one-third rotation rule, Mrs. Celine Tang, Mr. Ang Mong Seng, Mr. Tan Tee How and Mr. Lock Wai Han will retire at the forthcoming AGM. Mr. Ang Mong Seng has indicated that he will not be seeking re-election at the forthcoming AGM.

The NC is satisfied that Mrs. Celine Tang, Mr. Tan Tee How and Mr. Lock Wai Han, who are retiring in accordance with the Company's Constitution at the forthcoming AGM, are properly qualified for re-election/re-appointment by virtue of their skillset, experience and their contribution in terms of guidance and time to the Board. Accordingly, the NC has recommended to the Board the re-election of these three Directors. Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a Director.

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

| **Name of person** | **Celine Tang ("Mrs. Tang")** | **Tan Tee How ("Mr. Tan")** | **Lock Wai Han ("Mr. Lock")** |
|---|---|---|---|
| Date of Appointment | 11 October 2018 | 2 February 2018 | 11 October 2018 |
| Date of last re-appointment/ re-election (if applicable) | 24 April 2019 | 25 April 2018 | 24 April 2019 |
| Age | 53 | 61 | 53 |
| Country of Principal Residence | Singapore | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The NC has recommended that Mrs. Tang be re-elected, taking into account the instrumental role which Mrs. Tang, as chairman of the Board, has played in leading the Board to ensure effectiveness on all aspects of its role, as well as Mrs. Tang's leading role in the Group's drive to achieve and maintain a high standard of corporate governance.<br><br>The Board supported the NC's recommendation.<br><br>Mrs. Tang had abstained from making any recommendation and/or participating in the deliberation in respect of her own re-election and also abstained from voting on any resolution passed by the Board in respect of her own re-election. | The NC has recommended that Mr. Tan be re-elected, taking into account his track record, experience and capabilities to, amongst others, assist the Board to chart the strategic directions for growing and shaping the Group's business.<br><br>The Board supported the NC's recommendation.<br><br>Mr. Tan had abstained from making any recommendation and/or participating in the deliberation in respect of his own re-election and also abstained from voting on any resolution passed by the Board in respect of his own re-election. | The NC has recommended that Mr. Lock be re-elected, taking into account his track record, experience and capabilities to, amongst others, provide insight and guidance to the expansion of the Group's businesses and provide the Board with different perspectives during Board discussions.<br><br>The Board supported the NC's recommendation.<br><br>Mr. Lock had abstained from making any recommendation and/or participating in the deliberation in respect of his own re-election and also abstained from voting on any resolution passed by the Board in respect of his own re-election. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive. | Executive, responsible for assisting the Board in strategic planning and business development. | Non-Executive. |
| Job Title (e.g. Lead ID, AC chairman, AC member etc.) | Non-Executive and Non-Independent Director and Non-Executive Chairman | Executive Director | Independent Director and member of the ARC and NC |
| Professional Qualifications | Please refer to the Directors' respective biographies on pages 22 to 25 of this Annual Report. | | |

| Name of person | Celine Tang ("Mrs. Tang") | Tan Tee How ("Mr. Tan") | Lock Wai Han ("Mr. Lock") |
|---|---|---|---|
| Working experience and occupation(s) during the past 10 years | January 2013 to February 2013: Non-Executive Director of Singhaiyi Group Ltd. ("**Singhaiyi**")<br><br>February 2013 to December 2013: Executive Director of Singhaiyi<br><br>December 2013 to present: Group Managing Director of Singhaiyi<br><br>1995 to present: Executive Director of Tang Dynasty Pte Ltd<br><br>2003 to present: Executive Director of Haiyi Holdings Pte. Ltd.<br><br>August 2016 to October 2016: Executive Chairman and Chief Executive Officer of OKH Global Ltd ("**OKH**")<br><br>October 2016 to present: Non-Executive Chairman of OKH | April 2004 to October 2011: Permanent Secretary of the Ministry of National Development<br><br>November 2011 to November 2014: Permanent Secretary of the Ministry of Home Affairs<br><br>December 2014 to January 2018: Commissioner and Chief Executive Officer of the Inland Revenue of Singapore<br><br>April 2018 to present: Chairman of the Casino Regulatory Authority of Singapore<br><br>April 2019 to present: Deputy Chairman of the National Healthcare Group<br><br>June 2019 to present: Independent Director of Hong Leong Finance Ltd | June 2011 to August 2013: China Chief Executive Officer of CapitaMalls Asia<br><br>November 2013 to December 2015: Group Chief Executive Officer of Rowsley Ltd.<br><br>August 2016 to present: Chairman of Media Literacy Council<br><br>October 2016 to present: Executive Director and Chief Executive Officer of OKH<br><br>December 2016 to present: Committee member of Woodlands Health Campus Development Board Committee<br><br>July 2017 to present: Director of Majuven Pte Ltd<br><br>November 2017 to present: Director of Pan Asia Logistics Investments Holdings Pte. Ltd.<br><br>August 2018 to present: Independent Non-Executive Director of ARA Trust Management (Suntec) Limited<br><br>May 2020 to present: President of Anglo Chinese School ("**ACS**") OBA Management Committee<br><br>July 2020 to present: Vice Chairman of ACS Board of Governors<br><br>July 2020 to present: Board member of ACS (International) Board of Management ("**BoM**")<br><br>August 2020 to present: Vice Chairman of ACS (Independent) BoM<br><br>October 2020 to present: Independent Non-Executive Director of The Hour Glass Limited<br><br>November 2020 to present: Member and Vice Chairman of ACS Foundation |
| Shareholding interest in the listed issuer and its subsidiaries | 284,454,903 ordinary shares (held jointly with her spouse, Tang Yigang @ Gordon Tang ("**Gordon Tang**")) | 5,000,000 options (which are exercisable into 5,000,000 ordinary shares) | Nil |

| Name of person | Celine Tang ("Mrs. Tang") | Tan Tee How ("Mr. Tan") | Lock Wai Han ("Mr. Lock") |
|---|---|---|---|
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Spouse of Mr. Gordon Tang, a substantial shareholder of the Company | Nil | Nil |
| Conflict of interest (including any competing business) | Mrs. Tang is the Group Managing Director of Singhaiyi, a public company listed on the SGX-ST. The principal business activities of Singhaiyi and its subsidiaries are in relation to property development, investment and management services. Mrs. Tang is also the Non-Executive Chairman of OKH, a public company listed on the SGX-ST which is an integrated property developer focusing on logistics and industrial properties.<br><br>Any conflict of interest is mitigated as Mrs. Tang's role in the Company is non-executive. Accordingly, she does not make executive decisions relating to the business and operations of the Group. Should any conflict of interest involving Mrs. Tang arise, she is required to recuse herself from discussions and decisions involving the issue that is in conflict. She is also required to avoid situations in which her own personal or business interests, directly or indirectly, conflict, or appear to create a potential conflict of interest, with the interests of the Group. | Nil | Mr. Lock is an Executive Director and the Chief Executive Officer of OKH, a public company listed on the SGX-ST which is an integrated property developer focusing on logistics and industrial properties.<br><br>Any conflict of interest is mitigated as Mr. Lock's role in the Company is non-executive. Accordingly, he does not make executive decisions relating to the business and operations of the Group. Should any conflict of interest involving Mr. Lock arise, he is required to recuse himself from discussions and decisions involving the issue that is in conflict. He is also required to avoid situations in which his own personal or business interests, directly or indirectly, conflict, or appear to create a potential conflict of interest, with the interests of the Group. |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |
| Other Principal Commitments* and Directorship | Please refer to the key information of the Directors set out on pages 83 to 86 of this Annual Report. | | |

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

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

Provision 4.4 – Review of Directors' independence

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

With respect to FY2020, all of the Independent Directors have declared their independence based on the Revised Definition on Director's Independence.

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

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

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

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

The Board also recognises that Independent Directors may over time develop significant insights in the Group's businesses and operations, and continue to provide significant and valuable contributions objectively to the Board as a whole. The Board will conduct a rigorous review of each Independent Director's continuing contribution and independence and may exercise its discretion to extend the tenures of these Directors. Presently, only Mr. Ang Mong Seng has served as an Independent Director for a period exceeding nine years from the date of his first appointment. The Board has subjected his independence to a particularly rigorous review. The NC had reviewed his declaration of independence, a review questionnaire to which Mr. Ang Mong Seng had provided his responses and contributions to the Board to determine if he remains independent and is able to carry out his duties objectively, taking into account the need for progressive refreshing of the Board.

In NC's view, Mr. Ang Mong Seng is independent in character and judgement despite having been on the Board for more than nine years. Mr. Ang Mong Seng has regularly expressed his individual viewpoints, debated issues and objectively scrutinised and challenged Management. He has also, on various occasions, taken the initiative to seek clarification and amplification as he deemed required, including through direct access to the Group's employees. The Board concurred with the NC's view. It had also observed the performance of Mr. Ang Mong Seng at Board meetings and other occasions and has no reasons to doubt his independence in the course of discharging his duties.

Further, having gained in-depth understanding of the business and operating environment of the Group, Mr. Ang Mong Seng provides the Company with much needed experience and knowledge of the industries in which the Group operates. Based on the declaration of independence and rigorous review questionnaire received from Mr. Ang Mong Seng, he has no association with Management that could compromise his independence. After considering all these factors, the Board (with Mr. Ang Mong Seng abstaining from voting in respect of his own nomination) has determined that Mr. Ang Mong Seng is considered independent, notwithstanding that he has served on the Board for more than nine years from the date of his first appointment.

On or after 1 January 2022, a Director who has served on the Board for a cumulative period of nine years will no longer be eligible to be designated as an Independent Director unless a resolution from shareholders present and voting at the general meeting is sought and approved in the manner described in Rule 210(5)(d)(iii) of the SGX-ST Listing Manual. In the spirit of good corporate governance, Mr. Ang Mong Seng will not be seeking re-election and shall retire as a Director at the conclusion of the forthcoming AGM.

Provision 4.5 - Directors' time commitments and multiple Directorships

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

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

In respect of FY2020, the NC was of the view that the number of directorships held by each Director were in line with the Company's guideline of a maximum of eight listed company board representations and that each Director has discharged his/her duties adequately.

Key information on the Directors is set out below:

| **Name of Director** | **Position** | **Date of first appointment as a Director** | **Date of last re-election/ re-appointment as a Director** | **Present directorships or chairmanships in other listed companies** | **Past directorships or chairmanships held over the preceding three years in other listed companies** | **Other principal commitments** | **Due for re-election/ re-appointment at the forthcoming AGM** |
|---|---|---|---|---|---|---|---|
| Celine Tang | Non-Independent and Non-Executive Director and Non-Executive Chairman | 11 October 2018 | 24 April 2019 | • Group Managing Director of Singhaiyi<br>• Non-Executive Chairman of OKH | None | • Executive Director of Haiyi Holdings Pte. Ltd.<br>• Advisory Committee member of JuYing Secondary School<br>• Executive Director of Tang Dynasty Pte Ltd | Retirement by rotation (Regulation 115) |
| Raymond Chia | Executive Director and Group Chief Executive Officer | 1 February 2016 | 29 May 2020 | None | None | • President of The Singapore Scout Association<br>• Board member of Ren Ci Hospital | N.A. |
| Tan Tee How | Executive Director | 2 February 2018 | 25 April 2018 | Independent Director of Hong Leong Finance Limited | None | • Chairman of the Casino Regulatory Authority of Singapore<br>• Deputy Chairman of National Healthcare Group | Retirement by rotation (Regulation 115) |

| Name of Director | Position | Date of first appointment as a Director | Date of last re-election/ re-appointment as a Director | Present directorships or chairmanships in other listed companies | Past directorships or chairmanships held over the preceding three years in other listed companies | Other principal commitments | Due for re-election/re-appointment at the forthcoming AGM |
|---|---|---|---|---|---|---|---|
| Yam Ah Mee | Non-Executive and Non-Independent Director | 12 December 2019 | 29 May 2020 | None | None | • Director of CES_SDC Pte. Ltd., a wholly-owned subsidiary of the Company<br>• Director of Sembcorp Architects & Engineers Pte. Ltd.<br>• Director of Sembcorp Specialised Construction Pte. Ltd.<br>• Director of SDC International Pte Ltd<br>• Director of SDCI (Bangladesh) Limited<br>• EXCO and Council Member of Workplace Safety & Health Council (WSHC)<br>• Chairman of WSHC Construction and Landscape Industry Sector<br>• Member of MINDEF External Review Panel for Safety<br>• Vice Chairman of Christian National Evangelistic Commission (CNEC) | N.A. |
| Ang Mong Seng | Lead Independent Director | 19 March 2003 | 24 April 2019 | • Independent Director of Hoe Leong Corporation Ltd.<br>• Independent Director of Emerging Town & Cities Singapore Ltd. | Annaik Ltd | • Director of Pei Hwa Foundation Ltd and the Chinese Opera Institute<br>• Sole-proprietor of Ang Mong Seng Consultants | Retirement by rotation (Regulation 115) |

| Name of Director | Position | Date of first appointment as a Director | Date of last re-election/re-appointment as a Director | Present directorships or chairmanships in other listed companies | Past directorships or chairmanships held over the preceding three years in other listed companies | Other principal commitments | Due for re-election/re-appointment at the forthcoming AGM |
|---|---|---|---|---|---|---|---|
| Abdul Jabbar | Independent Director | 2 February 2018 | 29 May 2020 | Independent Director of Global Investments Limited | None | Executive Committee Partner and Head of Corporate and Transactional Practice, Rajah & Tann | N.A. |
| Lock Wai Han | Independent Director | 11 October 2018 | 24 April 2019 | • Executive Director and Chief Executive Officer of OKH<br>• Independent Non-Executive Director of ARA Trust Management (Suntec) Limited<br>• Independent Non-Executive Director of The Hour Glass Limited | None | • Chairman of Media Literacy Council<br>• President of ACS OBA Management Committee | Retirement by rotation (Regulation 115) |
| Low Teck Seng | Independent Director | 12 December 2019 | 29 May 2020 | • Independent Director of ExcelPoint Technology Ltd.<br>• Independent Director of Ucrest Berhad<br>• Independent Director of Key Asics Berhad | ISEC Healthcare Ltd | Chief Executive Officer of National Research Foundation | N.A. |
| Neo Boon Siong | Independent Director | 12 December 2019 | 29 May 2020 | None | • Keppel Telecom-munications & Transportation Ltd.<br>• K1 Ventures Limited<br>• OUE Hospitality Trust | Director of Keppel Telecom-munications & Transportations Ltd. | N.A. |

| Name of Director | Position | Date of first appointment as a Director | Date of last re-election/ re-appointment as a Director | Present directorships or chairmanships in other listed companies | Past directorships or chairmanships held over the preceding three years in other listed companies | Other principal commitments | Due for re-election/ re-appointment at the forthcoming AGM |
|---|---|---|---|---|---|---|---|
| Yaacob Bin Ibrahim | Independent Director | 20 February 2020 | 29 May 2020 | Independent Director of Oceanus Group Limited | None | • Director of Surbana Jurong Private Limited<br>• Board of Trustees of Building Construction and Timber Industries Employees' Union (BATU)<br>• Professor of Engineering, Singapore Institute of Technology ("SIT")<br>• Advisor to President of SIT<br>• Advisor for AI.SG<br>• Chairman of Earth Observatory of Singapore<br>• Professor-in-practice of Lee Kuan Yew School of Public Policy<br>• Board member of National Kidney Foundation | N.A. |

**Note**:

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

**PRINCIPLE 5: BOARD PERFORMANCE**

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

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

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

At the end of each year, each Board member is required to complete a Board assessment form and self-assessment form and submit the completed forms to the chairman of the NC before the NC meeting. Based on the responses, the chairman of the NC will prepare a consolidated report and present the report to the Board at the Board meeting to be held before the AGM.

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

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

The NC is generally satisfied with the performance of the Board, the individual Directors and the Board Committees for FY2020. No significant problems were identified.

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

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

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

## REMUNERATION MATTERS

**PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

Provisions 6.1 and 6.2 – RC's duties and composition

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

1. Mr. Ang Mong Seng, Lead Independent Director (RC chairman)
2. Mr. Abdul Jabbar
3. Prof. Low Teck Seng

Following Mr. Ang Mong Seng's retirement at the conclusion of the forthcoming AGM, he will also step down as the chairman of the RC. The RC and the Board will in due course appoint one of its incumbent NEDs as a new RC member and select a new RC chairman (who shall be an Independent Director) from amongst the RC members, in place of Mr. Ang Mong Seng.

Prior to the RC adopting a revised set of terms of reference in January 2021, the RC holds meetings at least once a year (or whenever necessary) during the Company's reporting and audit cycle. Pursuant to the revised terms of reference, the RC will, starting from this financial year ending 31 December 2021 ("**FY2021**"), meet at least twice a year during the Company's reporting and audit cycle.

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

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

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

The principal activities of the RC during FY2020 are summarised below:

a. reviewed and recommended to the Board the remuneration of Executive Directors, key management personnel and employees who are related to the Group CEO, including reviewing the terms of contracts of service that were due for renewal during FY2020;

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

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

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

Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any

During FY2020, the RC has met twice and carried out its duties in accordance with its terms of reference. The RC also reviewed the Group's obligations arising in the event of termination of the contracts of service of the Executive Directors and other key management personnel, to ensure that such contracts of service contain fair and reasonable termination clauses.

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

For FY2020, there were no termination, retirement and post-employment benefits granted to Directors and key management personnel. The RC did not engage the services of any external remuneration consultant in FY2020. Nevertheless, the RC may seek advice from external remuneration consultants from time to time and where necessary in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel.

## PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

## PRINCIPLE 8: DISCLOSURE OF REMUNERATION

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

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

Framework for remuneration of Executive Directors and other key management personnel

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

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

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

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

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

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

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

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

The service contract with each Executive Director contains a reclamation of incentive component clause to safeguard the Group's interest in exceptional circumstances of restatement of financial results, or misconduct resulting in financial loss or fraud by the Executive Directors. A similar clause was incorporated into the service contracts of other key management personnel in FY2020.

Framework for NEDs' fees

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

Having regard to the scope and extent of the responsibilities and obligations of the NEDs, prevailing market conditions, and taking reference from fees against comparable benchmarks, the Board has agreed with the RC's recommendation that the fee structure for NEDs in FY2020 will continue to apply in FY2021.

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

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

The framework for determining NEDs' fees in FY2020 and FY2021 is as follows:

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

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

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

A summary of the remuneration of each Director and the Group CEO which is paid or payable by the Company for FY2020 is set out below:

| Remuneration band and name of Director/Group CEO | Base salary[1] | Variable payment[2] | Other Benefits[3] | Fees[4] | Total |
|---|---|---|---|---|---|
| Above S$1,000,000 | | | | | |
| Raymond Chia[5] | 68% | 31% | 1% | – | 100% |
| Tan Tee How | 76% | 23% | 1% | – | 100% |
| Below S$200,000 | | | | | |
| Celine Tang | – | – | – | 100% | 100% |
| Yam Ah Mee[6] | – | – | – | 100% | 100% |
| Ang Mong Seng | – | – | – | 100% | 100% |
| Abdul Jabbar | – | – | – | 100% | 100% |
| Lock Wai Han | – | – | – | 100% | 100% |
| Low Teck Seng | – | – | – | 100% | 100% |
| Neo Boon Siong | – | – | – | 100% | 100% |
| Yaacob Bin Ibrahim | – | – | – | 100% | 100% |

**Notes:**

(1) Base salary includes contractual bonus, contractual entitlement to awards under the CES Share Plan and employer's Central Provident Fund contributions.
(2) Variable payment includes performance bonus, profit sharing, share options and employer's Central Provident Fund contribution with respect to that payment.
(3) Other benefits refer to benefits-in-kind such as car benefits made available as appropriate.
(4) Approved by shareholders as a lump sum at the AGM held on 29 May 2020.
(5) Mr. Raymond Chia is both an Executive Director and the Group CEO.
(6) For FY2020, besides Director's fees, Mr. Yam Ah Mee also received consultancy fees under a contract for services. Please refer to the section below on Principle 10 Audit and Risk Committee-IPTs for more details.

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

As such, the Board believes that such disclosure would be disadvantageous to the Group. The total remuneration of the Directors (including Directors' fees) is set out in the financial statements on page 192 of this Annual Report.

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

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

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

In the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company has weighed the advantages and disadvantages of disclosing details of the individual and aggregate remuneration of the Group's top five key management personnel (who are not Directors or the Group CEO) for FY2020 and believe that such disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in. The remuneration package of the top five key management personnel (who are not Directors or the Group CEO), comprising mainly salaries and bonuses, aggregated to a total remuneration of S$2,651,000 for FY2020. The profiles of the Group's key management personnel can be found on pages 26 and 27 of this Annual Report.

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

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

| | **Relationship with Director/Group CEO/ Substantial Shareholder** | **Base salary**[1] | **Variable payment**[2] | **Other benefits**[3] | **Total** |
|---|---|---|---|---|---|
| $300,000 to $400,000 | | | | | |
| Lim Sock Joo | Spouse of Raymond Chia[4] | 78% | 18% | 4% | 100% |

**Notes:**

[1] Base salary includes employer's Central Provident Fund contributions.
[2] Variable payment includes performance bonus and employer's Central Provident Fund contribution with respect to that payment.
[3] Other benefits refer to benefits-in-kind such as car benefits made available as appropriate.
[4] Mr. Raymond Chia is an Executive Director and the Group CEO.

## ACCOUNTABILITY AND AUDIT

### PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

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

The Board has received written assurance from the Group CEO and the CFO that as at 31 December 2020:

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

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

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

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

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

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

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

Rule 1207(10) of the SGX-ST Listing Manual

Based on the reviews conducted by Management and KPMG throughout FY2020, the statutory audit conducted by the external auditors, as well as the assurances pursuant to provision 9.2 of the Code received from (i) the Group CEO and the CFO and (ii) other key management personnel, the Board, with the concurrence of the ARC, is of opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems were adequate and effective for FY2020.

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

**PRINCIPLE 10: AUDIT AND RISK COMMITTEE**

Provisions 10.1 to 10.3 – Duties and composition of the ARC

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

1. Dr. Neo Boon Siong (ARC chairman)

2. Mr. Abdul Jabbar

3. Mr. Lock Wai Han

4. Prof. Yaacob Bin Ibrahim

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

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

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

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Group's financial performance;

- reviewing at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems. The ARC also reviews the Board's comments regarding the adequacy and effectiveness of the Group's internal controls and risk management systems and states whether it concurs with the Board's comments received. The ARC may commission an independent audit on the internal controls and risk management systems for its assurance, or where it is not satisfied with the internal controls and risk management systems;

- reviewing the assurance from the Group CEO and the CFO on the financial records and financial statements;

- reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit function and making recommendations to the Board on the appointment, re-appointment or removal of the Company's external auditors as well as the remuneration and terms of engagement of the Company's external auditors;

- reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function, being the primary reporting line of the internal audit function and deciding on the appointment, termination and remuneration of the internal audit function;

- ensuring that the Group complies with the applicable laws and regulations and to ensure that the Company has programmes and policies in place to identify and prevent fraud or irregularity, and discussing with the Company's external auditors, and at an appropriate time report to the Board, if the ARC becomes aware of any suspected fraud or irregularity or suspected infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position, and commission and review the findings of internal investigations into such matters;

- reviewing and ensuring that policies and arrangements are in place for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and to ensure that the Company publicly discloses, and clearly communicates to employees of the Company, the existence and operation of a whistle-blowing policy and procedures for raising their concerns;

- reviewing all IPTs and related party transactions to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Company or its minority shareholders; and

- reviewing potential conflicts of interest (if any) and review and monitor the conflicts of interest positions of the directors, controlling shareholders and their respective associates.

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

Summary of the ARC's activities in FY2020 / Provision 10.5

The ARC met five times during FY2020. The Group CEO, the CFO and the Joint Company Secretaries were invited to these meetings, and the Internal Auditors and Ernst & Young LLP ("**External Auditors**") were invited to the meetings to the extent their attendance were required. Other members of Management were also invited to attend as appropriate to present reports.

For FY2020, the ARC met once with the External Auditors and Internal Auditors separately, without the presence of Management. These meetings provide a discrete forum for the External Auditors and Internal Auditors to raise issues encountered in the course of their work directly to the ARC.

The principal activities of the ARC during FY2020 are summarised below:

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

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

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

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

e. undertook a review of the independence and objectivity of the External Auditors through discussions with the External Auditors as well as reviewing the non-audit fees awarded to them. The ARC received a yearly report setting out the non-audit services provided by the External Auditors and the fees charged in connection therewith. An analysis of fees paid in respect of audit and non-audit services provided is disclosed in Note 8 to the financial statements;

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

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

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

i. reviewed the performance of material environmental, social and corporate governance (ESG) factors/targets and the scope of the Company's sustainability report for FY2020; and

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

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

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

IPTs

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

The following are IPTs with Directors and relatives of Directors in FY2020:

| Name of interested person | Nature of Relationship | Aggregate value of all IPTs conducted during the financial year (excluding transactions below $100,000) ($'000) |
|---|---|---|
| *Interest paid for term notes held* [1] | | |
| Celine Tang and Gordon Tang [2] | Non-Executive and Non-Independent Director and Non-Executive Chairman | 1,610 |
| Raymond Chia and Lim Sock Joo [3] | Executive Director and Group CEO | 303 |
| *Fees paid under a contract for services* | | |
| Yam Ah Mee [4] | Non-Executive and Non-Independent Director | 605 |
| *Sale of property unit* | | |
| Lim Sock Joo [5] | Spouse of Raymond Chia, Executive Director and Group CEO | 1,206 |

**Notes:**

(1) The term notes were issued pursuant to the Company's Multicurrency Debt Issuance Programme which allows either the Company or its wholly-owned subsidiary, CES Treasury Pte. Ltd., to issue notes thereunder.

(2) Held jointly. Mr. Gordon Tang is the spouse of Mrs. Celine Tang.

(3) Held jointly. Mdm. Lim Sock Joo is the spouse of Mr. Raymond Chia.

(4) Pursuant to a contract for services, Mr. Yam Ah Mee received consultancy fees for providing certain management and supervisory services to CES_SDC Pte. Ltd., a wholly-owned subsidiary of the Company.

(5) Mdm. Lim Sock Joo purchased a property unit in the Group's residential project "Kopar at Newton".

Each of Mr. Tan Tee How (the Company's Executive Director) and Mr. Ang Mong Seng (the Company's Lead Independent Director) received interest payments in FY2020 for term notes held by him, which term notes were issued pursuant to the Company's Multicurrency Debt Issuance Programme. The aggregate interest payment received by each of Mr. Tan Tee How and Mr. Ang Mong Seng in FY2020 is less than S$100,000.

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

Whistle blowing

The ARC also reviewed the adequacy of the whistle blowing arrangements instituted by the Group through which staff and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach towards fraud and other misconduct. The Group will treat all information received with utmost confidentiality and protect the identity and the interests of any whistle blower. Anonymous disclosures will be accepted and anonymity honoured. Reports of suspected fraud, corruption, dishonest practices or other forms of misconduct can be lodged by contacting any one of the members of a reporting committee comprising the Executive Directors, the Group CEO, the chairman of the ARC and the Lead Independent Director.

The Group CEO will decide whether there is a prima facie case to answer. However, if the matter is made against the Group CEO or any senior management staff, the matter will be escalated to the Lead Independent Director or the chairman of the ARC who then decides if there is a prima facie case to answer.

All cases will be investigated with objectivity and appropriate remedial measures will be taken where warranted. All whistle blowing matters are reviewed monthly by the chairman of the ARC and quarterly by the members of the ARC. Matters requiring immediate or urgent attention are reported immediately to the chairman of the ARC.

The policy is communicated via the Staff Handbook and is also available on the Company's corporate website. On an ongoing basis, the whistle blowing policy is covered during staff training and periodic communication to all staff as part of the Group's efforts to promote awareness of fraud control.

Provision 10.4 - Internal Audit
Rule 1207(10C) of the SGX-ST Listing Manual

The internal audit function is outsourced to KPMG which is staffed by qualified personnel. The ARC approves the hiring, removal, evaluation and compensation of the auditing firm to which the internal audit function is outsourced.

The Internal Auditors are guided by the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors report to the chairman of the ARC and have unrestricted access to the ARC. The Internal Auditors also have unfettered access to all the Group's documents, records, properties and personnel.

The ARC will review the findings of the Internal Auditors and will ensure that the Group follows up on the Internal Auditors' recommendations. The ARC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively.

For FY2020, the ARC is satisfied that the internal audit function is independent, effective and adequately resourced.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Board ensures that all the Company's shareholders are treated equitably for them to exercise their shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance position and prospects.

Provisions 11.1 to 11.5 – Participation and voting at general meetings of shareholders

General meetings are the principal forum for dialogue with shareholders. The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings of shareholders and informs shareholders of the rules, including voting procedures, governing such meetings. The Board believes that general meetings serve as an opportune forum for the Board and key management personnel to engage shareholders to solicit and understand their views. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via the website of the SGX-ST at www.sgx.com ("**SGXNET**") and on the Company's corporate website.

Every matter requiring shareholders' approval is proposed as a separate resolution. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications.

All resolutions tabled by the Company at a general meeting are usually put to the vote by poll. Where physical meetings are held, electronic poll voting is typically conducted "live" during such meeting. Even when meetings are conducted by electronic means (such as the AGM for the financial year ended 31 December 2019 which was held on 29 May 2020 ("**FY2019 AGM**") and the forthcoming FY2020 AGM to be held on 23 April 2021), the resolutions tabled by the Company at such meetings are still voted on by poll notwithstanding that shareholders do not vote "live" during the meeting itself. The chairman of the meeting, acting as proxy, will cast the votes in accordance with the instructions specified by shareholders in their respective proxy forms. Such arrangement is in accordance with the requirements under the Alternative Arrangements Order (as defined below). Voting by poll allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. The independent scrutineer briefs the shareholders on the e-polling voting process and verify and tabulate votes after each resolution. The results of the voting at the general meetings showing the number of votes cast for and against each resolution and the respective percentages are shown to the shareholders at the end of each resolution before the chairman of the meeting makes a declaration on the passing (or not) of the resolution. In addition, the voting results at the general meetings and the name of the independent scrutineer will be announced via SGXNET immediately after each general meeting.

The Company's Constitution permits shareholders to participate at a general meeting by telephone or video conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and members (or their proxy or in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the meeting. However, in practice, as the authentication of shareholder identity and other related security and integrity issues remain a concern, the Company has yet to implement such absentia voting at its general meetings.

Nonetheless, shareholders may vote in person by way of proxy forms deposited, in person or by mail, at the registered office of the Company at least 72 hours before the meetings. Registered corporate shareholders or nominee companies, who are unable to attend a meeting are provided with the option to appoint not more than two proxies to attend and vote at such meeting. This allows shareholders who hold shares through such corporation to attend and participate in general meetings as proxies.

The chairman of the Board and the respective chairman of the ARC, the NC and the RC are usually present and available at general meetings to address shareholders' queries. Appropriate key management personnel are also present at such meetings to address operational questions from shareholders. In addition, in the case of AGMs, the External Auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Joint Company Secretaries prepare minutes of general meetings, which record substantial and relevant comments and queries from shareholders relating to the agenda of such meetings, and responses from the Board and Management. The minutes of general meetings will be published by the Company on its corporate website as soon as practicable after the general meetings.

Alternative arrangements for the conduct of general meetings

In 2020, due to the COVID-19 pandemic, Singapore entered a circuit breaker period during which physical meetings were not allowed to be held. The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as amended from time to time ("**Alternative Arrangements Order**") came into force to provide for alternative arrangements for, amongst others, listed companies in Singapore to hold their general meetings. As such, the FY2019 AGM was held by way of electronic means in accordance with the requirements under the Alternative Arrangements Order.

Notwithstanding that shareholders of the Company were not allowed to attend the FY2019 AGM in person, the Company had put in place arrangements for shareholders to participate in the meeting by submitting questions ahead of the meeting, voting by proxy and/or watching or listening to the proceedings via a "live" webcast. The submission of questions and proxy forms was done electronically via a website set up for the purposes of the meeting, to an electronic mail address, or by depositing the same at the registered office of the Company. The Company had informed the shareholders of such alternative arrangements and the details relating thereto ahead of the FY2019 AGM in an announcement released by the Company on SGXNET and its corporate website. The Company also addressed the substantial and relevant questions submitted by shareholders 72 hours before the meeting in an announcement released on SGXNET and its corporate website ahead of the meeting.

With respect to the FY2019 AGM, the Company tabled separate resolutions at the meeting on each substantially separate issue. The chairman of the meeting was appointed as proxy to vote in accordance with the instructions of the shareholders indicated in the proxy form submitted by such shareholders. Independent scrutineers were appointed to check the validity of the proxy forms received and prepared a report on the results of the votes.

Save for Dr. Neo Boon Siong who had taken ill on the day of the meeting, all Directors attended the FY2019 AGM, together with the External Auditors and other key management personnel via the "live" webcast. The Directors' attendance at the general meetings of the Company held in 2020 is disclosed under provision 1.5 above.

In accordance with the requirements under the Alternative Arrangements Order, the Company had published its minutes of the FY2019 AGM on SGXNET and its corporate website within one month after the meeting.

The application duration of the Alternative Arrangements Order has been extended to allow entities to hold general meetings via electronic means up to 30 June 2021, even where entities are permitted under safe distancing regulations to hold physical meetings. In view of the current COVID-19 restriction orders in Singapore and the related safe distancing measures, the Company will be conducting its forthcoming FY2020 AGM to be held on 23 April 2021 via electronic means in accordance with the Alternative Arrangements Order.

Provision 11.6 - Dividend policy

The practice adopted by the Company thus far is to declare and pay an annual dividend, should circumstances permit. In the event that the Board decides not to declare or recommend a dividend, the Company will disclose the reason(s) for the decision together with the announcement of the financial statements.

For FY2020, the Board has proposed a final dividend of 2 Singapore cent per ordinary share, which is subject to approval of the shareholders at the forthcoming AGM.

In considering the level of dividend payments, the Board takes into account various factors including:

- the profitability of the Company;
- the level of the Company's available cash;
- the return on equity and retained earnings; and
- the Group's projected levels of capital expenditure and other investment plans.

**PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS**

Provisions 12.1 to 12.3 – Interaction/engagement with shareholders

The Company is committed to providing its investors with a high level of transparency by engaging in regular, effective and fair communication with shareholders. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST Listing Manual, the Board's policy is to provide timely information to all shareholders of all major developments that impact the Group via SGXNET.

The Company values dialogue sessions with its shareholders and is committed to hearing shareholders' views and addressing their concerns. During general meetings of the Company, the Board devotes time and attention to address questions from and concerns raised by shareholders and the Directors are generally present for the entire duration of the meetings. The chairman of the meeting will also endeavour to facilitate constructive dialogue between shareholders and the Board. In addition, members of the Board and key management personnel make themselves available to interact with shareholders both before and after general meetings (where such meetings are held physically). When necessary and appropriate, Management will also meet up with analysts and fund managers who wish to seek a better understanding of the Group's operations.

Other than communicating with members of the Board and key management personnel at general meetings, shareholders may also contact the CFO or the Company on any investor relations matters by emailing to ir@chipengseng.com.sg. Shareholders should however be cognisant that the Company has to consider the interests of all shareholders and its other stakeholders as a whole and the Company cannot respond to questions involving price sensitive or trade sensitive information on a selective basis. In so far as there is any information known to the Company concerning it or any of its subsidiaries or associated company which is necessary to avoid the establishment of a false market in the Company's securities or would be likely to materially affect the price or value of the Company's securities, the Company will make a timely announcement on SGXNET.

Please also refer to provision 13.3 below for information relating to the Company's corporate website, which contains investor-related information.

## MANAGING STAKEHOLDERS RELATIONSHIPS

**PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS**

Provisions 13.1 and 13.2 – Identification and engagement with material stakeholder groups, including managing relationships with such groups

The Group believes that forging good relationships with its stakeholders is crucial for the sustainable growth of its business and its material stakeholders include suppliers, customers, employees, authorities and local communities.

To understand stakeholders' expectations, the Group engages and fosters trusted relationships through listening to their views and responding to their concerns. The frequency of ongoing engagement with various stakeholders depends on mutual needs and expectations.

The strategy and key areas of focus in relation to the management of stakeholder relationships are set out in the Company's annual sustainability report.

Provision 13.3 - Corporate website

The Group maintains a current and updated corporate website.

All materials on the Company's financial results, announcements, as well as the latest annual report of the Company, are available on the Company's website at www.chipengseng.com.sg. The website also contains various other investor-related information about the Company which serves as an important resource for its shareholders and all other stakeholders.

## MATERIAL CONTRACTS

Except as disclosed in Note 28 (Related Party Transactions) of the notes to the financial statements, there were no other material contracts of the Company and its subsidiaries involving the interests of each Director or controlling shareholder, either still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

## DEALING IN COMPANY'S SECURITIES

The Company has adopted an internal compliance practice to provide guidance to its Directors and officers of the Group with regard to dealings in the Company's securities.

The Company will send a written notification to its Directors and officers of the Group in advance of the commencement of each blackout period relating to the dealing in the Company's securities. The notification states the duration of the blackout period and serves to remind the recipients of the restrictions relating to dealing in the Company's securities as well as the consequences of non-compliance with the insider trading provisions under the Securities and Futures Act (Cap. 289) for the individual in question.

In view of the processes that are in place, in the opinion of the Directors, the Company has complied with the best practices on dealings in the Company's securities pursuant to Rule 1207(19) of the SGX-ST Listing Manual (Dealings in Securities).

## USE OF PROCEEDS

The Company has set out below a status report as at date of this report on the utilisation of the net proceeds ("**Net Proceeds**") raised from the renounceable underwritten rights issue undertaken by the Company in 2019 of 156,503,515 new ordinary shares in the capital of the Company ("**Rights Shares**") at an issue price of S$0.63 for each Rights Share, on the basis of one Rights Share for every four existing ordinary shares in the capital of the Company ("**Rights Issue**").

As announced by the Company via SGXNET on 1 February 2021, the Net Proceeds have been fully utilised.

The utilisation of the Net Proceeds is in accordance with the intended use stated in the offer information statement dated 23 September 2019, except for the increased allocations as follows:

(a) towards the Group's education business segment to capitalise on the expansion and investment opportunities which had presented themselves in FY2019 and FY2020; and

(b) towards the Group's general corporate purposes. In FY2020, there were disruptions and changes to the Group's business environment as a result of the COVID-19 pandemic. The Company thus increased the allocation of the Net Proceeds towards the Group's general purposes to tap on available funds and ease the constraints on the Group's cashflow.

| **Intended use of Net Proceeds** | **Original allocation of Net Proceeds (S$ million)** | **Actual amount utilised (S$ million)** | **Unutilised amount (S$ million)** |
|---|---|---|---|
| To finance the possible expansion of the property development segment of the Group's business in Singapore and overseas | 50.0 | - | - |
| To finance the Group's possible strategic investments and/or acquisitions in the education segment of its business, which is in line with the Group's recent diversification into the education sector | 20.0 | 36.9 | - |
| To finance the growth and operations of the hospitality segment of the Group's business | 10.0 | 9.6 | - |
| For general corporate purposes including general and working capital requirements of the Group[1] | 16.3 | 49.8 | - |

**Notes:**

(1) Of the S$49.8 million channelled towards the Group's general corporate purposes:
- (i) S$15.0 million was utilised towards repayment of bank borrowings;
- (ii) S$0.7 million was utilised towards payment of interest amounts due on bank borrowings;
- (iii) S$7.0 million was utilised towards payment of interest amounts due on notes issued pursuant to the Company's S$750 million Debt Issuance Programme; and
- (iv) S$27.1 million was utilised towards working capital expenditure such as payment of salaries and bonuses and the provision of working capital for the Group's businesses.


Bidadari Contract 6 & Contract 7, Singapore

# FINANCIAL CONTENTS

# DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Chip Eng Seng Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

## 1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet, and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

## 2. DIRECTORS

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

| | |
|---|---|
| Celine Tang | (Non-Executive and Non-Independent Chairman) |
| Chia Lee Meng Raymond | (Executive Director and Group Chief Executive Officer) |
| Tan Tee How | (Executive Director) |
| Yam Ah Mee | (Non-Executive and Non-Independent Director) |
| Ang Mong Seng | (Independent Director) |
| Abdul Jabbar Bin Karam Din | (Independent Director) |
| Lock Wai Han | (Independent Director) |
| Low Teck Seng | (Independent Director) |
| Neo Boon Siong | (Independent Director) |
| Yaacob Bin Ibrahim | (Independent Director) |

## 3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

**4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

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

| | Direct interest | | | Deemed interest | | |
|---|---|---|---|---|---|---|
| **Name of Director** | **At 01.01.2020 or date of appointment** | **At 31.12.2020** | **At 21.01.2021** | **At 01.01.2020 or date of appointment** | **At 31.12.2020** | **At 21.01.2021** |
| **The Company (No. of ordinary shares)** | | | | | | |
| Celine Tang [1] | 284,454,903 | 284,454,903 | 284,454,903 | 21,497,500 | – | – |
| Chia Lee Meng Raymond | 13,906,250 | 14,406,250 | 14,906,250 | 12,127,500 | 12,127,500 | 12,127,500 |
| Ang Mong Seng | 182,500 | 182,500 | 182,500 | – | – | – |
| Yam Ah Mee [1] | 20,000 | 20,000 | 20,000 | – | – | – |
| **Options to acquire ordinary shares of the Company at 1 share for each option under the Chip Eng Seng Employee Share Option Scheme** | | | | | | |
| Chia Lee Meng Raymond | 45,000,000 | 45,000,000 | 45,000,000 | – | – | – |
| Tan Tee How | 5,000,000 | 5,000,000 | 5,000,000 | – | – | – |
| **4.75% fixed rate notes due 14 June 2021 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013** | | | | | | |
| Chia Lee Meng Raymond [1] | $2,000,000 | $2,000,000 | $2,000,000 | – | – | – |
| **4.90% fixed rate notes due 19 May 2022 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013** | | | | | | |
| Chia Lee Meng Raymond [1] | $3,000,000 | $3,000,000 | $3,000,000 | – | – | – |
| **Subsidiary - CES Treasury Pte. Ltd.** | | | | | | |
| **6.00% fixed rate notes due 15 March 2022 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013** | | | | | | |
| Celine Tang | $26,500,000[1] | $26,500,000[1] | $26,500,000[1] | – | $1,250,000 | $1,250,000 |
| Chia Lee Meng Raymond | – | – | – | $1,000,000 | $1,000,000 | $1,000,000 |
| Tan Tee How | $1,000,000 | $1,000,000 | $1,000,000 | – | – | – |
| Ang Mong Seng | $500,000 | $500,000 | $500,000 | – | – | – |

[1] held jointly with spouse

By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore, Mrs Celine Tang is deemed to have an interest in the ordinary shares of all the subsidiaries of the Company, at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, at the end of the financial year, or on 21 January 2021.

## 5. SHARE PLANS

The Company has the Chip Eng Seng Employee Share Option Scheme 2013 (the "ESOS") and Chip Eng Seng Performance Share Plan (the "CES Share Plan") which are administered by the Remuneration Committee comprising three directors namely Ang Mong Seng (Chairman), Abdul Jabbar Bin Karam Din (Member) and Low Teck Seng (Member) (collectively, the "Scheme Committee"). Details of the ESOS and CES Share Plan are as follows:

### (a) ESOS

The ESOS was approved at an Extraordinary General Meeting held on 25 April 2013. The following persons are eligible to participate in the ESOS at the discretion of the Remuneration Committee:

(i) Confirmed employees who have attained the age of 21 years and hold such rank as may be designated by the Scheme Committee from time to time and who, in the opinion of the Scheme Committee, have contributed or will contribute to the success of the Group and/or associated companies;

(ii) Executive directors;

(iii) Non-executive directors; and

(iv) Persons who are Controlling Shareholders or their Associates are permitted to participate in the ESOS (subject to them meeting the eligibility criteria set out above).

No options were granted during the current financial year.

On 9 April 2019 ("date of grant"), the Company has granted 15,000,000 share options at the exercise price of S$0.7619 per ordinary share under the ESOS. The options were offered at a 5% discount to the market price of the Company's shares based on the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited over the five (5) consecutive market days immediately preceding the date of grant of the options. These options are exercisable only after 2 years from date of grant and expire in stages before the eighth anniversary from the date of grant and in accordance with the following validity period:

| **Validity period** | **Number of options granted to:** | |
|---|---|---|
| | **Chia Lee Meng Raymond** | **Tan Tee How** |
| Expire on 4$^{th}$ anniversary from the date of grant of option | 1,000,000 | 1,000,000 |
| Expire on 5$^{th}$ anniversary from the date of grant of option | 1,000,000 | 1,000,000 |
| Expire on 6$^{th}$ anniversary from the date of grant of option | 2,000,000 | 1,000,000 |
| Expire on 7$^{th}$ anniversary from the date of grant of option | 3,000,000 | 1,000,000 |
| Expire on 8$^{th}$ anniversary from the date of grant of option | 3,000,000 | 1,000,000 |

Details of options granted in previous financial years were set out in the Directors' Statement for the respective years.

5. **SHARE PLANS – *Continued***

(a) **ESOS – *Continued***

The details of options granted to the Executive Directors of the Company under the ESOS are as follows:

| Name of participant | Options granted during financial year under review (including terms) | Aggregate options granted since commencement of scheme to end of financial year under review | Aggregate options exercised since commencement of scheme to end of financial year under review | Aggregate options outstanding as at end of financial year under review |
|---|---|---|---|---|
| Chia Lee Meng Raymond | – | 50,000,000 | 5,000,000 | 45,000,000 |
| Tan Tee How | – | 5,000,000 | – | 5,000,000 |

The persons to whom the options have been granted do not have the right to participate by virtue of the options in any share issue of any other company in the Group.

Save as disclosed above, no options have been granted to controlling shareholders or their associates, and no employee has received 5% or more of the total options available under the ESOS.

The number of unissued ordinary shares of the Company under option in relation to ESOS at the end of financial year was as follows:

| | No. of options | Exercise price | Option period |
|---|---|---|---|
| 2016 Options | 35,000,000 | $0.5542 | 03.06.2016 – 02.06.2024 |
| 2019 Options | 15,000,000 | $0.7619 | 09.04.2019 – 08.04.2027 |

(b) **CES Share Plan**

***Objectives***

The CES Share Plan was approved at an Extraordinary General Meeting held on 26 April 2017. The CES Share Plan is to motivate participants to maintain a high level of performance and contribution and to attract and maintain a group of key executives and directors whose contributions are important to the long-term growth and profitability of the Group. In addition, it is to give recognition to the contribution made or to be made by the non-executive directors to the success of the Group.

***Eligibility***

The following persons shall be eligible to participate in the CES Share Plan subject to the absolute discretion of the Remuneration Committee:

(i) All full-time employees of the Group, including a director of the Company and/or its subsidiaries who perform an executive function and have attained the age of 21 years;

(ii) Non-executive directors of the Company;

5. **SHARE PLANS – *Continued***

(b) **CES Share Plan – *Continued***

***Eligibility – Continued***

(iii) Any employee who have attained the age of 21 years of an associated company (a company which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries and over whose management the Company has control); and

(iv) Controlling Shareholders of the Company and their Associates within the above categories are eligible to participate in the CES Share Plan. Specific approval of Independent Shareholders is required for the participation of Controlling Shareholders of the Company and their associates as well as the actual number of shares to be awarded under the CES Share Plan.

***Awards***

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or had a significant contribution to the Group.

***Size of the CES Share Plan***

The total number of shares available to eligible Controlling Shareholders and their Associates under the CES Share Plan shall not exceed twenty-five per cent. (25%) of the shares in respect of which the Company may grant under the CES Share Plan. In addition, the total number of shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the number of shares in respect of which the Company may grant under the CES Share Plan.

The total number of shares to be awarded pursuant to the CES Share Plan when added to the number of shares issued and issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of shares of the Company on the day preceding the relevant Award Date.

***Grant of the CES Share Plan***

The grant of Awards under the CES Share Plan may be made from time to time during the year when the CES Share Plan is in force.

On 6 January 2020, 500,000 performance shares were granted to Mr. Chia Lee Meng Raymond under the CES Share Plan, of which all were vested on the same day.

No performance shares were granted conditionally under the CES Share Plan in the previous financial year.

The details of Awards granted to the Executive Director of the Company under the CES Share Plan are as follows:

| Name of participant | Awards granted during financial year under review (including terms) | Aggregate Awards granted since commencement of scheme to end of financial year under review | Aggregate Awards vested since commencement of scheme to end of financial year under review | Aggregate Awards outstanding as at end of financial year under review |
|---|---|---|---|---|
| Chia Lee Meng Raymond | 500,000 | 500,000 | 500,000 | – |

## 6. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the "ARC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- reviewed the financial statements and engaged Management, the Chief Financial Officer and the external auditor in discussions on the significant accounting policies, judgements and estimates applied by Management in preparing these financial statements; and recommended to the Board for approval of the financial statements on satisfaction with its review;

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

- reviewed the audit plan and audit report of the internal auditor and external auditor and assessed the adequacy of the Internal Control and Risk Management Systems as well as the level of the co-operation given by Management to the internal auditor and external auditor;

- recommended to the Board for re-appointment of Ernst & Young LLP as the external auditor for the ensuing year;

- undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them;

- reviewed the nature and extent of non-audit services provided by the external auditor;

- reviewed the reports and findings from the internal auditor in respect of the adequacy of the Internal Control and Risk Management Systems;

- reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders;

- reviewed the performance of material environmental, social and corporate governance factors/targets and the scope of the Company's sustainability report for the current financial year; and

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

The ARC convened five meetings during the year with full attendance from all members. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

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

## 7. AUDITOR

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

On behalf of the board of directors:

**Chia Lee Meng Raymond**
Executive Director and
Group Chief Executive Officer

**Tan Tee How**
Executive Director

Singapore
5 April 2021

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**OPINION**

We have audited the financial statements of Chip Eng Seng Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

**BASIS FOR OPINION**

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

**KEY AUDIT MATTERS**

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

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

**Accounting for construction contracts and development properties under construction**

The Group is involved in both construction and property development projects. The Group recognises revenue over time for its construction and residential property development projects in Singapore using the input method based on actual costs incurred to-date to the total budgeted costs for each project. If the unavoidable costs of meeting the obligations under a contract exceeds the economic benefits expected to be received under it, a provision for onerous contract is recognised. The uncertainty and subjectivity involved in determining the budgeted cost and progress towards completion may have a significant impact on the results of the Group, including the provision for onerous contracts. In addition, the COVID-19 pandemic has caused business disruptions, new regulations and operational changes resulting in increased estimation uncertainty relating to budgeted time and cost needed to complete ongoing projects. As such, we determined this to be key audit matter.

**KEY AUDIT MATTERS – *Continued***

**Accounting for construction contracts and development properties under construction – *Continued***

As part of our audit procedures, we obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues, total budgeted costs and profit margin on a sample basis. We reviewed the contractual terms and conditions and verified the costs incurred against underlying supporting documents. We assessed the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs. In addition, we assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects. We checked whether the contract revenue was recognised according to the percentage of completion of each project measured by reference to contract costs incurred for work performed to date to the estimated total budgeted cost. We also checked the arithmetic accuracy of the revenue recognised during the year based on the percentage of completion computation for significant projects. We perused customers' and subcontractors' correspondences and discussed the progress of the projects with the Group's various project management personnel for signs of any potential disputes, variation order claims, known technical issues, delays, penalties, overrun or significant events that could impact the estimated total budgeted costs. Additionally, we reviewed management's assessment and estimation of the additional time and costs needed to complete the on-going projects due to business disruptions, new regulations and operational changes amid COVID-19 pandemic. We evaluated the adequacy of the disclosures of significant accounting policies for construction contracts, development properties under construction, provision for onerous contracts and contract balances and their related disclosures in Notes 4, 18 and 23 to the financial statements.

**Valuation of investment properties and investment property under construction**

The Group owns a portfolio of investment properties and investment property under construction, comprising commercial properties located in Singapore and Australia. As at 31 December 2020, the carrying amounts of investment properties and investment property under construction were $296,759,000. The Group records its investment properties and investment property under construction at their fair values based on independent external valuations using the following approaches:

- Market comparable approach where significant management judgements are applied on analysing information from transacted price of comparable properties adjusted to account for differences such as location, size, tenure, age and condition of the investment properties
- Capitalisation approach which involved estimation uncertainties on the capitalisation rate used
- Discounted cash flow approach which involved estimation uncertainties on the discount rate and terminal yield rate used
- Residual value approach which involved significant judgement and estimation uncertainties in the application of assumptions in determining the gross development value and estimated cost to completion

The valuation is significant to our audit due to the magnitude and complexity of the valuation and is highly sensitive to changes in the key assumptions applied, particularly those relating to transacted price of comparable properties, capitalisation rate, discount rate, terminal yield rate, gross development value, and estimated cost to completion. In addition, there was an increase in the levels of estimation uncertainty and judgement required in determining the valuation of investment properties and investment property under construction arising from the changes in market and economic conditions brought on by the COVID-19 pandemic. Accordingly, we determined this as a key audit matter.

As part of our audit procedures, we considered the objectivity, independence and expertise of the external valuation specialists. With the assistance of our internal property valuation specialist, we held discussions with the management and the external specialists to understand and obtained explanations to support the selection of the valuation methodologies and the basis for the key assumptions and inputs used, including key valuation adjustments made in response to the changes in market and economic conditions brought on by the COVID-19 pandemic and the overall results of the valuations. We assessed the reasonableness of these key assumptions and inputs by comparing them to actual financial performance and/or available market data while taking into consideration the specific nature and highest and best use of these properties, as well as implications from the COVID-19 pandemic on key valuation assumptions and inputs. In addition, we assessed the reliability of the property related data used by the management and the external specialists in the estimation process, and the movements in fair value of the investment properties and investment property under construction. We also evaluated the adequacy of the related disclosures in Notes 12 and 31 relating to the investment properties and investment property under construction and the assumptions used, given the estimation uncertainty and sensitivity of the valuations.

**KEY AUDIT MATTERS – *Continued***

**Impairment consideration of hotel assets**

The Group owns several hotels in Australia, Maldives and Singapore which are classified as property, plant and equipment in the financial statements. The Group's policy is to carry these hotel assets at cost less accumulated depreciation and any accumulated impairment losses. Management reviews the carrying value of the hotel assets and assesses if there is any indication of impairment in its hotel assets by considering individual hotel asset's operating performance and development plan for the properties. Management then estimates the recoverable amount of the hotel assets with the support of independent external valuations if there are indicators of impairment. Such estimates focus predominantly on future hotel operating performance, which is, amongst others, dependent on the expected occupancy rates, revenue growth rates and the competitive landscape in local markets.

As at 31 December 2020, the net carrying amount of hotel assets were $347,122,000 and an impairment loss amounting to $3,264,000 on the hotel assets was recorded in this financial year. The impairment assessment was significant to our audit due to the carrying amount of the hotel assets which represents 36% of total non-current assets as at 31 December 2020, and also the increased levels of judgement involved in making various assumptions to the underlying valuation used in the impairment assessment due to implications from the COVID-19 pandemic. Accordingly, we determined this as a key audit matter.

As part of our audit procedures, we obtained an understanding of management's impairment assessment process to identify triggering events for potential impairment and any material changes in the carrying amount of hotel assets. We validated the key cash flow assumptions used in the valuations by management and external valuation specialist, and corroborated these key assumptions by comparing them to internal forecasts and long term and strategic plans that were approved by management as well as historical trend analyses. We also involved our internal valuation specialist to evaluate the reasonableness of the capitalisation and discount rates utilised in the forecasts. We also evaluated how management has factored in considerations of the implications arising from the COVID-19 pandemic in their assessment of the assumptions and inputs used in the forecasts. We evaluated the adequacy of the related disclosures in Note 11 to the financial statements relating to the hotel assets within property, plant and equipment.

**Accounting for business combination**

In December 2019, the Group completed its acquisition of CES_SDC Pte. Ltd. and CES Education (Malaysia) Pte. Ltd. for a purchase consideration of $50,072,000 and $24,446,000 respectively. The purchase price allocations ("PPA") exercises were not completed as at 31 December 2019, and the Group recorded a total provisional goodwill of $17,721,000 based on the preliminary assessment of fair value of identifiable assets acquired and liabilities assumed. The PPA exercises have been finalised in the financial year ended 31 December 2020 and the fair value of the identifiable assets acquired and liabilities assumed as at 31 December 2019 have been adjusted accordingly, resulting in goodwill of $15,449,000 as at 31 December 2020.

We have determined this to be a key audit matter based on the quantitative materiality of the acquisition and the significant management judgement and estimation are required in the PPA exercises, particularly on the valuation of the intangible assets.

As part of our audit procedures, we reviewed the purchase agreements to obtain an understanding of the transactions. An important element of the PPA relates to the identification and measurement of the acquired assets and liabilities. We reviewed the identification of assets and liabilities based on our discussion with management and understanding of the acquirees' business. Management prepared the PPA with the assistance of an external valuation specialist. We assessed the competence, capabilities and objectivity of the external valuation specialist engaged by management. Our internal valuation specialist assisted us in assessing the appropriateness of management's valuation methodology and assessed the reasonableness of key assumptions and inputs used in measuring the fair value of acquired assets and liabilities. We also assessed the adequacy of the related disclosures in Note 14 to the financial statements.

**KEY AUDIT MATTERS – *Continued***

**Impairment assessment of goodwill and other intangible assets**

As at 31 December 2020, the Group has goodwill and other intangible assets arising from business combinations amounting to $49,880,000. On an annual basis, management performs impairment assessment of goodwill and other intangible assets based on estimates of value-in-use arising from the cash generating unit's ("CGU")'s expected future cash flows. Management incorporates various assumptions and inputs into the CGU's cash flow projections, which are, amongst others, growth rate, weighted average cost of capital and terminal yield rate. We considered audit of these cash flow projections to be a key audit matter as these involved significant management judgements in estimating the underlying assumptions and inputs to the cash flow projections.

As part of our audit procedures, we assessed and tested the key assumptions and inputs such as annual growth rate, weighted average cost of capital rate and terminal growth rate used in the cash flow projections, and the methodologies and data used by management by comparing them to historical performance of the CGU or other comparable companies. We assessed whether these cash flows projections were based on the budget approved by the management. We also inquired with the management and obtained explanations to support the considerations and adjustments made in light of the increased level of estimation uncertainty. We performed sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and assess the impact on the headroom over the carrying value. We also assessed the adequacy of the disclosure concerning those key assumptions in Note 13 to the financial statements.

**Impairment assessment of investments in associates and joint ventures**

As at 31 December 2020, the Group has investments in associates and joint ventures amounting to $6,352,000 and $32,921,000 respectively. Certain associates and joint ventures were acquired and their carrying value includes goodwill. On an annual basis, management assesses the impairment of the investment in associates and joint ventures based on estimates of their fair values using discounted cashflow model. Management incorporates various assumptions and inputs into the discounted cash flow, which are, amongst others, growth rate, weighted average cost of capital and terminal yield rate.

We considered this as a key audit matter because the interests in associates and joint ventures and the share of their results are material to the Group's balance sheet and profit and loss respectively, and significant management judgements and estimation are required in determining the underlying assumptions and inputs to the discounted cash flows computation.

As part of our audit procedures, we assessed and tested key assumptions and inputs to the discounted cash flow computation, the methodologies and data used by management by comparing them to historical performance of the CGU or other comparable companies. We obtained an understanding of the impact of COVID-19 on the operations of these associates and joint ventures. We also inquired with management and obtained explanations to support the considerations and adjustments made to the discounted cash flow computation in light of the increased estimation uncertainty. We performed sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and assess the impact on the headroom over the carrying values. We also assessed the adequacy of the disclosures in Note 15 to the financial statements.

**OTHER INFORMATION**

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

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

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

## RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS – *Continued***

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

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

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

The engagement partner on the audit resulting in this independent auditor's report is Low Bek Teng.

**Ernst & Young LLP**
Public Accountants and
Chartered Accountants

Singapore
5 April 2021

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2020

| | Note | 2020 $'000 | 2019 $'000 |
|---|---|---|---|
| **Revenue** | 4 | 674,633 | 1,055,639 |
| Cost of sales | | (609,393) | (860,766) |
| **Gross profit** | | 65,240 | 194,873 |
| **Other items of income** | | | |
| Interest income | 5 | 2,432 | 6,920 |
| Other income | 6 | 27,316 | 6,916 |
| **Other items of expense** | | | |
| Marketing and distribution | | (9,666) | (13,900) |
| Administrative expenses | | (119,576) | (96,471) |
| Impairment loss of trade and other receivables | | (2,297) | – |
| Finance costs | 7 | (39,370) | (58,890) |
| Share of results of associates and joint ventures | | (1,480) | 4,609 |
| **(Loss)/Profit before tax** | 8 | (77,401) | 44,057 |
| Income tax expense | 9 | (1,089) | (11,500) |
| **(Loss)/Profit for the year** | | (78,490) | 32,557 |
| **Attributable to:** | | | |
| Owners of the Company | | (81,067) | 33,320 |
| Non-controlling interests | | 2,577 | (763) |
| | | (78,490) | 32,557 |
| **(Loss)/Earnings per share attributable to owners of the Company (cents per share)** | | | |
| Basic | 10 | (10.35) | 5.06 |
| Diluted | 10 | (10.35) | 5.02 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| (Loss)/Profit for the year | (78,490) | 32,557 |
| **Other comprehensive income:** | | |
| Items that will not be reclassified to profit or loss | | |
| Share of gain on property revaluation of an associate | 178 | – |
| | 178 | – |
| Items that may be reclassified subsequently to profit or loss | | |
| Foreign currency translation | 9,089 | (2,126) |
| Share of foreign currency translation of associates and joint ventures | 384 | (91) |
| | 9,473 | (2,217) |
| Other comprehensive income for the year, net of tax | 9,651 | (2,217) |
| **Total comprehensive income for the year** | (68,839) | 30,340 |
| **Attributable to:** | | |
| Owners of the Company | (71,848) | 30,882 |
| Non-controlling interests | 3,009 | (542) |
| **Total comprehensive income for the year** | (68,839) | 30,340 |

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

# BALANCE SHEETS
As at 31 December 2020

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020<br>$'000 | 2019<br>$'000<br>(restated) | 2020<br>$'000 | 2019<br>$'000 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 11 | 535,695 | 467,065 | 2,166 | 4,306 |
| Investment properties | 12 | 296,759 | 305,528 | – | – |
| Intangible assets | 13 | 49,880 | 47,947 | 363 | 447 |
| Investments in subsidiaries | 14 | – | – | 124,192 | 81,642 |
| Investments in joint ventures and associates | 15 | 39,273 | 32,771 | 650 | 650 |
| Deferred tax assets | 24 | 5,672 | 7,761 | – | – |
| Trade and other receivables | 17 | 32,972 | 32,606 | 289,710 | 346,605 |
| | | 960,251 | 893,678 | 417,081 | 433,650 |
| **Current assets** | | | | | |
| Development properties | 18 | 1,094,181 | 1,373,224 | – | – |
| Inventories | 19 | 2,851 | 2,838 | – | – |
| Prepayments | | 5,515 | 4,817 | 77 | 150 |
| Trade and other receivables | 17 | 419,241 | 176,336 | 86,412 | 16,391 |
| Contract assets | 4 | 329,211 | 411,325 | – | – |
| Capitalised contract costs | 4 | 15,121 | 14,416 | – | – |
| Cash and short-term deposits | 20 | 374,040 | 378,487 | 4,439 | 57,729 |
| | | 2,240,160 | 2,361,443 | 90,928 | 74,270 |
| **Total assets** | | 3,200,411 | 3,255,121 | 508,009 | 507,920 |
| **Current liabilities** | | | | | |
| Loans and borrowings | 21 | 197,608 | 231,880 | 13,000 | – |
| Trade and other payables | 22 | 91,890 | 87,725 | 28,045 | 14,252 |
| Contract liabilities | 4 | 59,385 | 26,256 | – | – |
| Provision | 23 | 7,030 | 6,022 | – | – |
| Other liabilities | 23 | 121,559 | 96,874 | 2,008 | 5,507 |
| Income tax payable | | 12,995 | 25,574 | 586 | 186 |
| | | 490,467 | 474,331 | 43,639 | 19,945 |
| **Net current assets** | | 1,749,693 | 1,887,112 | 47,289 | 54,325 |

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

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | | $'000 | $'000 | $'000 | $'000 |
| | | | (restated) | | |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 21 | 1,600,122 | 1,566,464 | 25,250 | 38,250 |
| Trade and other payables | 22 | 159,271 | 166,282 | 253,243 | 252,140 |
| Other liabilities | 23 | 107,050 | 64,809 | 293 | 667 |
| Deferred tax liabilities | 24 | 26,216 | 35,964 | 16 | – |
| | | 1,892,659 | 1,833,519 | 278,802 | 291,057 |
| **Total liabilities** | | 2,383,126 | 2,307,850 | 322,441 | 311,002 |
| **Net assets** | | 817,285 | 947,271 | 185,568 | 196,918 |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 25(a) | 175,978 | 175,978 | 175,978 | 175,978 |
| Treasury shares | 25(b) | (29,719) | (30,034) | (29,719) | (30,034) |
| Retained earnings | | 669,361 | 781,745 | 34,349 | 46,869 |
| Other reserves | 26 | (6,247) | (9,420) | 4,960 | 4,105 |
| | | 809,373 | 918,269 | 185,568 | 196,918 |
| Non-controlling interests | | 7,912 | 29,002 | – | – |
| **Total equity** | | 817,285 | 947,271 | 185,568 | 196,918 |

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

| 2020 Group | Equity, total $'000 | Equity attributable to owners of the Company, total $'000 | Share capital (Note 25(a)) $'000 | Treasury shares (Note 25(b)) $'000 | Retained earnings $'000 | Other reserves (Note 26) $'000 | Non-controlling interests $'000 |
|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the Company | | | | | |
| Opening balance at 1 January 2020 | 947,271 | 918,269 | 175,978 | (30,034) | 781,745 | (9,420) | 29,002 |
| (Loss)/Profit for the year | (78,490) | (81,067) | – | – | (81,067) | – | 2,577 |
| ***Other comprehensive income*** | | | | | | | |
| Foreign currency translation | 9,089 | 8,657 | – | – | – | 8,657 | 432 |
| Share of other comprehensive income of associates and joint ventures | 562 | 562 | – | – | – | 562 | – |
| Other comprehensive income for the year, net of tax | 9,651 | 9,219 | – | – | – | 9,219 | 432 |
| Total comprehensive income for the year | (68,839) | (71,848) | – | – | (81,067) | 9,219 | 3,009 |
| ***Contributions by and distributions to owners*** | | | | | | | |
| Share-based compensation expenses (Note 26) | 1,217 | 1,217 | – | – | – | 1,217 | – |
| Share buy-back (Note 25) | (47) | (47) | – | (47) | – | – | – |
| Treasury shares reissued pursuant to performance share plan (Note 25) | – | – | – | 362 | – | (362) | – |
| Dividends paid on ordinary shares (Note 35) | (31,317) | (31,317) | – | – | (31,317) | – | – |
| Dividends paid to non-controlling interest of subsidiary | (28,000) | – | – | – | – | – | (28,000) |
| Total contributions by and distributions to owners | (58,147) | (30,147) | – | 315 | (31,317) | 855 | (28,000) |
| ***Changes in ownership interests in subsidiaries*** | | | | | | | |
| Capital contribution to non-wholly owned subsidiary | – | (4,864) | – | – | – | (4,864) | 4,864 |
| Acquisition of non-controlling interest (Note 14) | (3,000) | (2,037) | – | – | – | (2,037) | (963) |
| Total changes in ownership interest in subsidiaries | (3,000) | (6,901) | – | – | – | (6,901) | 3,901 |
| Total transactions with owners in their capacity as owners | (61,147) | (37,048) | – | 315 | (31,317) | (6,046) | (24,099) |
| Closing balance at 31 December 2020 | 817,285 | 809,373 | 175,978 | (29,719) | 669,361 | (6,247) | 7,912 |

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

| 2019<br>Group | Equity, total<br>$'000 | Equity attributable to owners of the Company, total<br>$'000 | Share capital (Note 25(a))<br>$'000 | Treasury shares (Note 25(b))<br>$'000 | Retained earnings<br>$'000 | Other reserves (Note 26)<br>$'000 | Non-controlling interests<br>$'000 |
|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the Company | | | | | |
| Opening balance at 1 January 2019 | 874,055 | 817,348 | 79,691 | (30,034) | 773,466 | (5,775) | 56,707 |
| Profit/(Loss) for the year | 32,557 | 33,320 | – | – | 33,320 | – | (763) |
| ***Other comprehensive income*** | | | | | | | |
| Foreign currency translation | (2,126) | (2,347) | – | – | – | (2,347) | 221 |
| Share of other comprehensive income of associates and joint ventures | (91) | (91) | – | – | – | (91) | – |
| Other comprehensive income for the year, net of tax | (2,217) | (2,438) | – | – | – | (2,438) | 221 |
| Total comprehensive income for the year | 30,340 | 30,882 | – | – | 33,320 | (2,438) | (542) |
| ***Contributions by and distributions to owners*** | | | | | | | |
| Share-based compensation expenses (Note 26) | 712 | 712 | – | – | – | 712 | – |
| Issue of ordinary shares, net of issuance costs (Note 25) | 96,287 | 96,287 | 96,287 | – | – | – | – |
| Dividends paid on ordinary shares (Note 35) | (25,041) | (25,041) | – | – | (25,041) | – | – |
| Dividends paid to non-controlling interest of subsidiary | (29,200) | – | – | – | – | – | (29,200) |
| Total contributions by and distributions to owners | 42,758 | 71,958 | 96,287 | – | (25,041) | 712 | (29,200) |
| ***Changes in ownership interests in subsidiaries*** | | | | | | | |
| Acquisition of non-controlling interest (Note 14) | (2,540) | (1,919) | – | – | – | (1,919) | (621) |
| Acquisition of subsidiary (Note 14) | 2,658 | – | – | – | – | – | 2,658 |
| Total changes in ownership interest in subsidiaries | 118 | (1,919) | – | – | – | (1,919) | 2,037 |
| Total transactions with owners in their capacity as owners | 42,876 | 70,039 | 96,287 | – | (25,041) | (1,207) | (27,163) |
| Closing balance at 31 December 2019 | 947,271 | 918,269 | 175,978 | (30,034) | 781,745 | (9,420) | 29,002 |

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

# STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2020

| **2020**<br>**Company** | **Total**<br>**$'000** | **Share capital (Note 25(a))**<br>**$'000** | **Treasury shares (Note 25(b))**<br>**$'000** | **Retained earnings**<br>**$'000** | **Other reserves (Note 26)**<br>**$'000** |
|---|---|---|---|---|---|
| Opening balance at 1 January 2020 | 196,918 | 175,978 | (30,034) | 46,869 | 4,105 |
| Profit for the year, representing total comprehensive income for the year | 18,797 | – | – | 18,797 | – |
| ***Contributions by and distributions to owners*** | | | | | |
| Share-based compensation expenses (Note 26) | 1,217 | – | – | – | 1,217 |
| Share buy-back (Note 25) | (47) | – | (47) | – | – |
| Treasury shares reissued pursuant to performance share plan (Note 25) | – | – | 362 | – | (362) |
| Dividends paid (Note 35) | (31,317) | – | – | (31,317) | – |
| Total contributions by and distributions to owners | (30,147) | – | 315 | (31,317) | 855 |
| Closing balance at 31 December 2020 | 185,568 | 175,978 | (29,719) | 34,349 | 4,960 |
| **2019** | | | | | |
| **Company** | | | | | |
| Opening balance at 1 January 2019 | 92,772 | 79,691 | (30,034) | 39,722 | 3,393 |
| Profit for the year, representing total comprehensive income for the year | 32,188 | – | – | 32,188 | – |
| ***Contributions by and distributions to owners*** | | | | | |
| Share-based compensation expenses (Note 26) | 712 | – | – | – | 712 |
| Issue of ordinary shares, net of issuance costs (Note 25) | 96,287 | 96,287 | – | – | – |
| Dividends paid (Note 35) | (25,041) | – | – | (25,041) | – |
| Total contributions by and distributions to owners | 71,958 | 96,287 | – | (25,041) | 712 |
| Closing balance at 31 December 2019 | 196,918 | 175,978 | (30,034) | 46,869 | 4,105 |

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

# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2020

| | Note | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|---|
| **Operating activities** | | | |
| (Loss)/Profit before tax | | (77,401) | 44,057 |
| Adjustments for: | | | |
| Interest income | 5 | (2,432) | (6,920) |
| Gain on disposal of property, plant and equipment | 6 | (132) | (375) |
| Finance costs | 7 | 39,370 | 58,890 |
| Property, plant and equipment written off | 8 | 6,969 | 95 |
| Provision for onerous contract | 8 | 7,163 | 1,000 |
| Depreciation of property, plant and equipment | 8 | 37,422 | 25,115 |
| Impairment of property, plant and equipment | 8 | 5,304 | 4,123 |
| Fair value loss/(gain) on investment properties | 8 | 11,043 | (2,766) |
| Fair value loss on investment security | 8 | 2,347 | – |
| Loss on disposal of intangible assets | | 22 | – |
| Amortisation of intangible assets | 8 | 2,479 | 511 |
| Amortisation of capitalised contract costs | 4 | 12,242 | 14,378 |
| Impairment of intangible assets | 8 | – | 460 |
| Impairment loss on trade and other receivables, net | 8 | 2,297 | – |
| Share-based compensation expenses | 27 | 1,217 | 712 |
| Share of results of associates and joint ventures | | 1,480 | (4,609) |
| Rent concessions from landlords | | (1,062) | – |
| Loss on liquidation of an associate | 8 | – | 3 |
| Unrealised exchange differences | | (5,038) | 3,526 |
| **Operating cash flows before changes in working capital** | | 43,290 | 138,200 |
| Changes in working capital: | | | |
| Development properties | | 289,665 | (7,825) |
| Capitalised contract costs | 4 | (12,947) | (12,137) |
| Inventories | | (19) | (698) |
| Prepayments | | (681) | (2,122) |
| Trade and other receivables and contract assets | | (152,575) | 72,281 |
| Trade and other payables and contract liabilities | | 14,614 | (53,081) |
| Other liabilities | | 22,190 | 1,273 |
| **Cash flows generated from operations** | | 203,537 | 135,891 |
| Interest paid | | (43,495) | (66,449) |
| Interest received | | 1,631 | 7,084 |
| Income taxes paid | | (21,367) | (7,403) |
| **Net cash flows generated from operating activities** | | 140,306 | 69,123 |

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

# CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 December 2020

| | Note | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|---|
| **Investing activities** | | | |
| Net cash outflow on acquisition of subsidiaries | 14 | (57) | (5,440) |
| Purchase of property, plant and equipment | | (50,361) | (20,116) |
| Proceeds from disposal of property, plant and equipment | | 251 | 466 |
| Proceeds from liquidation of an associate | | – | 27 |
| Investment in a joint venture | | (6,752) | – |
| Investments in associates | | – | (19,317) |
| Dividend income from associates | | – | 534 |
| Advances to an associate | | – | (197) |
| Additions to investment property | 12 | (911) | – |
| **Net cash flows used in investing activities** | | (57,830) | (44,043) |
| **Financing activities** | | | |
| Repayment of loans and borrowings | | (132,648) | (484,890) |
| Proceeds from loans and borrowings | | 133,055 | 363,000 |
| Proceeds from issuance of term notes | | – | 100,000 |
| Proceeds from issuance of shares | | – | 96,287 |
| Acquisition of non-controlling interest | | (3,000) | (2,540) |
| Dividends paid on ordinary shares | 35 | (31,317) | (25,041) |
| Dividends paid to non-controlling interest | | (28,000) | (29,200) |
| Purchase of treasury shares | 25(b) | (47) | – |
| Increase in short-term deposits pledged | 20 | – | (4,256) |
| Payment of principal portion of lease liabilities | | (25,631) | (5,749) |
| **Net cash flows (used in)/generated from financing activities** | | (87,588) | 7,611 |
| Net (decrease)/increase in cash and cash equivalents | | (5,112) | 32,691 |
| Effect of exchange rate changes on cash and cash equivalents | | 665 | (1,018) |
| Cash and cash equivalents at beginning of the year | | 374,231 | 342,558 |
| **Cash and cash equivalents at end of the year** | 20 | 369,784 | 374,231 |

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

## 1. CORPORATE INFORMATION

Chip Eng Seng Corporation Ltd. is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed below.

Details of the subsidiaries, associates, joint ventures and joint operations as at 31 December 2020 are:

| Name of Company | Country of incorporation/ operations | Principal activities | Proportion (%) of ownership interest 2020 | 2019 |
|---|---|---|---|---|
| **Subsidiaries** | | | | |
| ***Held by the Company*** | | | | |
| CEL Development Pte. Ltd. | Singapore | Property developer and property investor | 100 | 100 |
| Chip Eng Seng Construction Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| CES Capital Holdings Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| CES Hospitality Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| Sing-Ed Global Schoolhouse Pte. Ltd. (f.k.a. CES Education Pte. Ltd.) | Singapore | Investment holding | 100 | 100 |
| CES Treasury Pte. Ltd. | Singapore | Provision of financial and treasury services to members of the Chip Eng Seng group of companies | 100 | 100 |
| ***Held by subsidiaries*** | | | | |
| Boustead Salcon Water Solutions Pte. Ltd. | Singapore | Construction and supply of equipment for water and wastewater treatment plant | 100 | – |
| Chip Eng Seng Contractors (1988) Pte Ltd | Singapore | General building contractor | 100 | 100 |
| CES Engineering & Construction Pte. Ltd. | Singapore | General building contractor | 100 | 100 |
| CES-Precast Pte. Ltd. | Singapore | Manufacturing and trading of precast products | 100 | 100 |
| CES Building and Construction Pte. Ltd. | Singapore | General building and related services | 100 | 100 |

**1. CORPORATE INFORMATION – *Continued***

| | Name of Company | Country of incorporation/ operations | Principal activities | Proportion (%) of ownership interest 2020 | Proportion (%) of ownership interest 2019 |
|---|---|---|---|---|---|
| | **Subsidiaries – *Continued*** | | | | |
| | ***Held by subsidiaries – Continued*** | | | | |
| | CES_INNOVFAB Pte. Ltd. (f.k.a. SPP System Pte. Ltd.) | Singapore | Modular building construction (3D printing) | 100 | 100 |
| | CES_SDC Pte. Ltd. (f.ka. Sembcorp Design and Construction Pte. Ltd) | Singapore | Building construction and construction project management | 100 | 100 |
| | CES_Lodge Pte. Ltd. | Singapore | Acquisition of portable containers/structure to rent out as workers' dormitory and provision of related services | 100 | 100 |
| + | SDCI (Myanmar) Company Limited | Myanmar | General building contractor and project management | 100 | 100 |
| | CEL-Changi Pte. Ltd. | Singapore | Property developer | 100 | 100 |
| | Fernvale Development Pte. Ltd. | Singapore | Property developer | 60 | 60 |
| | CEL Property Pte. Ltd. | Singapore | Property developer and investment holding | 100 | 100 |
| | CEL-Yishun (Residential) Pte. Ltd. | Singapore | Property developer | 100 | 100 |
| | CEL-Yishun (Commercial) Pte. Ltd. | Singapore | Property developer | 100 | 100 |
| | CEL Real Estate Development Pte. Ltd. | Singapore | Property developer and investment holding | 100 | 100 |
| | CEL-Simei Pte. Ltd. | Singapore | In the process of liquidation | 100 | 100 |
| | CEL-Fort Pte. Ltd. | Singapore | Property developer | 100 | 100 |
| | CEL Property Development Pte. Ltd. | Singapore | Property developer | 100 | 100 |
| ~ | CEL Technology Development (Taicang) Co., Ltd | China | Investment holding | 100 | 100 |
| | CEL Newton Pte. Ltd. | Singapore | Property developer | 100 | 100 |
| | CEL Unique Pte. Ltd. | Singapore | Investment holding | 60 | 60 |
| | CEL Unique Holdings Pte. Ltd. | Singapore | Investment holding | 60 | 60 |
| | CEL Unique Development Pte. Ltd. | Singapore | Property developer | 60 | 60 |

1. **CORPORATE INFORMATION – *Continued***

| Name of Company | Country of incorporation/ operations | Principal activities | Proportion (%) of ownership interest 2020 | 2019 |
|---|---|---|---|---|
| <u>**Subsidiaries**</u> **– *Continued*** | | | | |
| ***Held by subsidiaries – Continued*** | | | | |
| CEL Property Investment (Australia) Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| CEL Property Investment Pte. Ltd. | Singapore | Property investor | 100 | 100 |
| Evervit Development Pte Ltd | Singapore | Property investor | 100 | 100 |
| CES Property Investment (New Zealand) Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| Eura Construction Supply Pte. Ltd. (f.k.a. CEL Property (M) Pte. Ltd.) | Singapore | Investment holding | 100 | 100 |
| CES-Vietnam Holdings Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| CES-NB Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| CES-VH Holdings Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| # CES Investment (Vietnam) Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| # CES Management (Vietnam) Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| CES Hotels (Australia) Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| CEL-Alexandra Pte. Ltd. | Singapore | Hotel owner and property investor | 100 | 100 |
| CES Park (Maldives) Pte. Ltd. | Singapore | Investment holding | 70 | 70 |
| CES Hotels (Maldives) Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| CES Tropical (Maldives) Pte. Ltd. | Singapore | Investment holding | 70 | 70 |
| ^^ Samarafushi Pvt Ltd | Maldives | Resort owner | 70 | 70 |
| ^^ CEL Australia Pty Ltd | Australia | Investment holding | 100 | 100 |
| ^^ CES Glenelg Pty Ltd | Australia | Property developer | 100 | 100 |
| 242 West Coast Highway Scarborough Pty Ltd | Australia | Deregistered | – | 100 |
| ^^ CES-Queen (VIC) Pty Ltd | Australia | Property developer | 100 | 100 |

**1. CORPORATE INFORMATION – *Continued***

| Name of Company | Country of incorporation/ operations | Principal activities | Proportion (%) of ownership interest 2020 | 2019 |
|---|---|---|---|---|
| **Subsidiaries** – ***Continued*** | | | | |
| ***Held by subsidiaries – Continued*** | | | | |
| ^^ CES Properties (AUS) Pty Ltd | Australia | Property investor | 100 | 100 |
| ^^ CES-Northcote (VIC) Pty Ltd | Australia | Property developer | 100 | 100 |
| ^^ CES-Gladstone (VIC) Pty Ltd | Australia | Property developer | 100 | 100 |
| ^^ CES South Perth (WA) Pty Ltd | Australia | Investment holding | 100 | 100 |
| ^^ CES Sirona Lyall (WA) Pty Ltd | Australia | Property developer | 70 | 70 |
| # CEL Real Estate Pty Ltd | Australia | Property developer | 100 | 100 |
| ^^ CES Grosvenor (SA) Pty Ltd | Australia | Property investor | 100 | 100 |
| ^^ CES Grosvenor Hotel (SA) Pty Ltd | Australia | Hotel owner | 100 | 100 |
| ^^ CES Mandurah Hotel (WA) Pty Ltd | Australia | Hotel owner | 100 | 100 |
| ^^ CES Pirie Hotel (SA) Pty Ltd | Australia | Hotel owner | 100 | 100 |
| # CES Hotel Investment Pty Ltd | Australia | Investment holding | 100 | 100 |
| ++ CES Properties (NZ) Pty Limited | New Zealand | Investment holding | 100 | 100 |
| ^^ CES-Precast Sdn. Bhd. | Malaysia | Manufacturing of precast concrete components | 100 | 100 |
| * CES Horizon Sdn. Bhd. (f.k.a. CEL Malacca Sdn. Bhd.) | Malaysia | International school education provider | 100 | 100 |
| ^^ CES Park Kodhipparu Private Limited | Maldives | Resort owner | 70 | 70 |
| ^^ Viet Investment Link Joint Stock Company | Vietnam | Provision of management services | 99 | 99 |
| ^^ CES MAIC Management (Vietnam) Co., Ltd | Vietnam | Provision of real estate management and consultancy services | 70 | 70 |
| CES ASG Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| Sing-Ed Asia Pte. Ltd. (f.k.a. CES Repton Asia Pte. Ltd.) | Singapore | Investment holding | 100 | 100 |
| Sing-Ed Junior Schools Pte. Ltd. (f.k.a. CES Repton SG Pte. Ltd.) | Singapore | Childcare and related services | 100 | 100 |

## 1. CORPORATE INFORMATION – *Continued*

| | Name of Company | Country of incorporation/ operations | Principal activities | Proportion (%) of ownership interest 2020 | 2019 |
|---|---|---|---|---|---|
| | **Subsidiaries – *Continued*** | | | | |
| | ***Held by subsidiaries – Continued*** | | | | |
| | Penn Junior Academy Pte. Ltd. | Singapore | Provision of early childhood enrichment education | 100 | 100 |
| | CES Greenville Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| ~ | Greenville Consultancy & Management (Shanghai) Co., Ltd. | China | Provision of early childhood enrichment education | 100 | 100 |
| # | Magna Education Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| | The Perse School (Singapore) Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| | CES WL Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| | CES Edutech Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| # | CES Education (China) Pte. Ltd. | Singapore | Investment holding | 100 | 100 |
| | White Lodge Education Group Services Pte. Ltd. | Singapore | Investment holding | 70 | 70 |
| | White Lodge, Bukit Timah Pte. Ltd. | Singapore | Kindergarten and related services | 70 | 70 |
| | White Lodge, Upper Bukit Timah Pte. Ltd. | Singapore | Kindergarten and related services | 70 | 70 |
| | White Lodge Kindergarten, East Coast Pte. Ltd. | Singapore | Kindergarten and related services | 70 | 70 |
| | White Lodge, Upper East Coast Pte. Ltd. | Singapore | Kindergarten and related services | 70 | 70 |
| | White Lodge Kindergarten, Phoenix Park Pte. Ltd. | Singapore | Kindergarten and related services | 70 | 70 |
| | White Lodge, West Coast Pte. Ltd. | Singapore | Kindergarten and related services | 70 | 70 |
| | White Lodge School of Arts, Loewen Gardens Pte. Ltd. | Singapore | Kindergarten and related services | 70 | 70 |

**1. CORPORATE INFORMATION – *Continued***

| | Name of Company | Country of incorporation/ operations | Principal activities | Proportion (%) of ownership interest 2020 | 2019 |
|---|---|---|---|---|---|
| | **<u>Subsidiaries</u> – *Continued*** | | | | |
| | ***Held by subsidiaries – Continued*** | | | | |
| | White Lodge Preschool River Valley Pte. Ltd. | Singapore | Childcare and related services | 70 | 70 |
| @ | White Lodge Education Services (Malaysia) Sdn. Bhd. | Malaysia | Investment holding | 70 | 70 |
| @ | White Lodge Bangsar South Childcare Centre Sdn. Bhd. | Malaysia | Childcare and related services | 70 | 70 |
| @ | White Lodge Mont Kiara Childcare Centre Sdn. Bhd. | Malaysia | Childcare and related services | 70 | 70 |
| | Invictus International School Pte. Ltd. | Singapore | International school education provider | 93 | 55 |
| | Invictus World Schools Pte. Ltd. (f.k.a. Sugar Education Pte. Ltd.) | Singapore | Investment holding | 93 | 55 |
| | Swallows and Amazons Pte. Ltd. | Singapore | Nursery, kindergarten and related services | 93 | 55 |
| ß | Invictus (Cambodia) Co., Ltd. | Cambodia | International school education provider | 93 | 55 |
| @@ | Invictus International School (Hong Kong) Limited | Hong Kong | International school education provider | 93 | 55 |
| @@ | Invictus Kindergarten (Hong Kong) Limited | Hong Kong | International kindergarten service provider | 93 | 55 |
| @@ | Invictus School (Chai Wan) Limited | Hong Kong | International school education provider | 93 | 55 |
| # | Penn Junior (Aus) Pty Ltd | Australia | Investment holding | 100 | 100 |
| # | Penn Junior Tarneit West (Vic) Pty Ltd | Australia | Childcare and related services | 100 | 100 |
| | CES Education (Malaysia) Pte. Ltd. | Singapore | Investment holding and the provision of education, consultancy and training management services | 100 | 100 |
| ^^ | CES Eduset Sdn. Bhd. | Malaysia | Investment holding and the provision of education, consultancy and training management services | 100 | 100 |
| ^^ | CES Repmal Sdn Bhd (f.k.a. Excelsior Education Management Sdn Bhd) | Malaysia | International school education provider | 100 | 100 |

## 1. CORPORATE INFORMATION – *Continued*

| | Name of Company | Country of incorporation/ operations | Principal activities | Proportion (%) of ownership interest 2020 | 2019 |
|---|---|---|---|---|---|
| | **Associates** | | | | |
| | ***Held by the Company*** | | | | |
| ** | Ardille Pte Ltd | Singapore | Investment holding | 38 | 38 |
| | ***Held by subsidiaries*** | | | | |
| + | Pasir Ris EC Pte. Ltd. | Singapore | Property developer | 40 | 40 |
| ^^ | Phu An Sinh Real Estate Investment Co., Ltd | Vietnam | Investment holding | 50 | 50 |
| | ***Held by associates*** | | | | |
| ** | ACP Metal Finishing Pte Ltd | Singapore | Provision of custom electro-plating and surface treatment services | 38 | 38 |
| ## | ACP Poland Spolka Z Ograniczona Odpowiedzialnoscia | Poland | Provision of custom electro-plating and surface treatment services | 38 | 38 |
| | **Joint ventures** | | | | |
| | ***Held by subsidiaries*** | | | | |
| ++ | Roxy-CES (NZ) Limited | New Zealand | Property investor | 50 | 50 |
| ~~ | Amdon Consulting Pte. Ltd. | Singapore | Science education and digital teaching resources | 38 | 38 |
| ## | Zeus EduTech Group (Cayman) | Cayman Islands | Investment holding | 35 | 35 |
| +++ | Cybint International Pte. Ltd. | Singapore | Cybersecurity training solutions and services | 33 | – |
| ### | H+E Technologies Pte. Ltd. | Singapore | Process and industrial plant engineering design and consultancy services | 55 | – |
| ### | Jiduohao Education Technology (Shenzhen) Co., Ltd | China | Education related services | 60 | – |
| | ***Held by joint ventures*** | | | | |
| ! | Guangzhou Zhou Zhi Si Co., Ltd | China | Investment holding | 35 | 35 |
| ! | Guangzhou Yuanda Information Development Co., Ltd | China | Education provider | 35 | 35 |
| ~~ | Werkz Asia Pte Ltd | Singapore | Development of interactive digital media | 38 | 38 |
| ~~~ | Werkz Technologies Co., Ltd. | Myanmar | Development of educational software | 38 | 38 |

## 1. CORPORATE INFORMATION – *Continued*

| | Name of Company | Country of incorporation/ operations | Principal activities | Proportion (%) of ownership interest 2020 | 2019 |
|---|---|---|---|---|---|
| | **Joint ventures – *Continued*** | | | | |
| | ***Held by joint ventures – Continued*** | | | | |
| ## | Werkz Publishing, Inc. | United States | Marketing of educational products | 38 | 38 |
| ## | Zeus EduTech Group Limited (BVI) | British Virgin Islands | Investment holding | 35 | 35 |
| ! | Zeus EduTech Group Limited (HK) | Hong Kong | Investment holding | 35 | 35 |
| +++ | Cybint Solutions Ltd | Israel | Cybersecurity training solutions and services | 33 | – |
| +++ | Cybint Solutions Inc | United States | Cybersecurity training solutions and services | 33 | – |
| | **Joint operations** | | | | |
| | ***Held by subsidiary*** | | | | |
| + | Sinohydro - CES_SDC Joint Venture (f.k.a. Sinohydro-Sembcorp Joint Venture) | Singapore | Building construction and construction project management | 50 | 50 |
| | Hock Lian Seng - CES_SDC JV (f.k.a. Hock Lian Seng Infrastructure-Sembcorp Design and Construction Joint Venture) | Singapore | Provision of civil engineering works | 40 | 40 |

All subsidiaries, associates, joint ventures and joint operations are audited by Ernst & Young LLP, Singapore except those disclosed below:-

- # Not required to be audited as these companies are considered dormant and exempted from audit under the Singapore Companies Act or relevant statutory laws in the respective country of incorporation.
- ## Not required to be audited by law in country of incorporation.
- ### Not required to be audited as these companies are incorporated during the year.
- ^^ Audited by member firms of EY Global.
- ^^^ Audited by KBH Integra PAC.
- * Audited by KTP & Company PLT, Malaysia.
- ** Audited by RSM Chio Lim LLP, Singapore.
- *** Audited by YL Chee & Co.
- + Audited by member firms of KPMG Global.
- ++ Audited by HLB Mann Judd, Auckland.
- +++ Audited by member firms of PricewaterhouseCoopers International Limited.
- @ Audited by BDO, Malaysia.
- @@ Audited by Fung, Yu & Co CPA.
- ~ Audited by EunaCon Perfect Alliance CPA.
- ~~ Audited by Ken Wong & Co.
- ~~~ Audited by Thaung Aye & Associates.
- ! Audited by ST Lo & Co. Certified Public Accounting.
- ß Audited by Fides Services Cambodia.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

### 2.2 Changes in accounting policies and disclosures

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The adoption of these amendments did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial year.

Save as mentioned below, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

<u>Amendments to SFRS(I) 16 *COVID-19 Related Rent Concessions*</u>

On 28 May 2020, the ASC issued *COVID-19 Related Rent Concessions* - amendment to SFRS(I) 16 *Leases*. The amendments provide relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SFRS(I) 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. The Group has elected to early adopt the amendment and applied the practical expedient to all rent concessions occurring as a direct consequence of the COVID-19 pandemic. As a result of applying the practical expedient, the amount recognised in profit or loss for the reporting period to reflect changes in the lease payments that arise from these rent concessions was $1,062,000 (Note 6).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standard applicable to the Group that have been issued but not yet effective:

| Description | *Effective for annual periods beginning on or after* |
|---|---|
| Amendments to SFRS(I) 9 *Financial Instruments*, SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement*, SFRS (I) 7 *Financial Instruments: Disclosures*, SFRS(I) 4 *Insurance Contracts,* SFRS(I) 16 *Leases: Interest Rate Benchmark Reform – Phase 2* | 1 January 2021 |
| Amendments to SFRS(I) 3: *Reference to the Conceptual Framework* | 1 January 2022 |
| Amendments to SFRS(I) 1-16: *Property, Plant and Equipment - Proceeds before Intended Use* | 1 January 2022 |
| Amendments to SFRS(I) 1-37: *Onerous Contracts – Costs of Fulfilling a Contract* | 1 January 2022 |
| Annual Improvements to SFRS(I) 2018-2020 | 1 January 2022 |
| Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current* | 1 January 2023 |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Date to be determined |

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

### 2.4 Basis of consolidation and business combinations

#### (a) Basis of consolidation

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

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

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

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

#### (b) Business combinations and goodwill

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

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

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.4 Basis of consolidation and business combinations – *Continued*

#### (b) Business combinations and goodwill – *Continued*

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

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Goodwill is recorded within "Intangible assets" line of the Group's balance sheet.

### 2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### 2.6 Foreign currency

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

#### (a) Transactions and balances

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

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

#### (b) Consolidated financial statements

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.7 Property, plant and equipment

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

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

| | | |
|---|---|---|
| Leasehold land | - | 23 to 99 years |
| Freehold and leasehold buildings | - | 5 to 50 years |
| Container office, building and construction equipment | - | 5 years |
| Motor vehicles | - | 5 years |
| Computer and office equipment | - | 2 to 5 years |
| Furniture, fixtures and fittings | - | 2 to 10 years |

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

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

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

### 2.8 Investment properties

Investment properties are properties that are either owned by the Group or right-of-use assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### 2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.9 Intangible assets – *Continued*

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

*Club membership*

Club membership was acquired separately and is amortised on a straight line basis over its estimated finite useful life of 10 years.

*Intellectual property*

The cost of intellectual property is its fair value at acquisition date. Intellectual property has estimated finite useful life of 4 to 10 years and is stated at cost less accumulated amortisation and accumulated impairment losses.

*Order backlog*

The cost of order backlog is its fair value at acquisition date. Order backlog is stated at cost less accumulated amortisation and accumulated impairment losses. The amortisation of order backlog is over the estimated period that the backlog is expected to be fulfilled.

*Brands*

The brands were acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group. Brands are stated at cost less accumulated impairment.

### 2.10 Impairment of non-financial assets

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

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

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.11 Subsidiaries

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

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

### 2.12 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

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

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

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

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

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.13 Joint operations

A joint operation is an arrangement in which the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

The Group recognises in its financial statements, its interest in the joint operations as follows: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the share of its output arising from the joint operations; its share of the revenue from the sale of the output by the joint operations; and its expenses, including its share of any expenses incurred jointly.

### 2.14 Financial instruments

#### (a) Financial assets

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

*(i) Amortised cost*

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

*(ii) Fair value through other comprehensive income ("FVOCI")*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued***

**2.14 Financial instruments – *Continued***

**(a) Financial assets – *Continued***

**Subsequent measurement – *Continued***

Investments in debt instruments – *Continued*

*(iii) Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

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

**De-recognition**

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

**(b) Financial liabilities**

**Initial recognition and measurement**

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

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

**Subsequent measurement**

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

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.14 Financial instruments – *Continued*

#### (b) Financial liabilities – *Continued*

**Current/Non-current classification of loans and borrowings**

Loans and borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.

### 2.15 Impairment of financial assets

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

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

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

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 2.17 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

### 2.18 Inventories

Inventories comprise mainly hotel supplies such as food and beverages, linen, glassware and sundry supplies, and precast building materials such as reinforcement steel, welded mesh and concrete.

Hotel supplies are stated at the lower of cost (first-in-first-out method) and net realisable value.

Precast building materials are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.19 Provisions

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.20 Government grants

Government grants are recognised as receivables when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grant related to expense item is presented as a credit in profit or loss as "Other income".

### 2.21 Financial guarantee

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

### 2.22 Borrowing costs

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

### 2.23 Employee benefits

#### (a) Defined contribution plans

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

#### (b) Share-based payments

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.24 Leases

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

*Group as a lessee*

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

**(a) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term ranging from 2 to 46 years.

The Group's right-of-use assets are included in 'Property, plant and equipment'.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.10.

**(b) Lease liabilities**

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

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

The Group's lease liabilities are included in 'Other liabilities' (see Note 23).

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.24 Leases – *Continued*

*Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(d). Contingent rents are recognised as revenue in the period in which they are earned.

### 2.25 Revenue

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

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

#### (a) Construction revenue

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised over time by measuring the progress towards complete satisfaction of performance obligations. The stage of completion is typically assessed by reference to either surveys of work performed (output method), or the cost incurred to date relative to total estimated cost (input method) depending on which method commensurate with the pattern of transfer of control to the customer. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Contract revenue and contract costs are recognised as revenue by reference to the stage of completion of the contract activity at the end of the reporting period over time, when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs or with reference to surveys of work performed or on a milestone payment schedule.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.25 Revenue – *Continued*

#### (b) Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

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

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

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 relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

#### (c) Revenue from hotel operations

Revenue from the rental of hotel rooms and other facilities is recognised when the services are rendered. Revenue from the sale of food and beverage is recognised when the goods are delivered to the customer.

#### (d) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (e) School fees

School fees are recognised when the services are rendered.

#### (f) Interest income

Interest income is recognised using the effective interest method.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

### 2.26 Taxes

#### (a) Current income tax

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

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

#### (b) Deferred tax

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

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

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

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued***

**2.26 Taxes – *Continued***

**(b) Deferred tax – *Continued***

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

**(c) Sales tax**

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

**2.27 Share capital and share issuance expenses**

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

**2.28 Treasury shares**

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

**2.29 Contingencies**

A contingent liability is:

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

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

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### (a) Sale of development properties

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgement made in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts are subject to.

#### (b) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The periods covered by renewal options are included as part of the lease term only when they are reasonably certain to be exercised.

Refer to Note 29 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – *Continued***

**3.2 Key sources of estimation uncertainty**

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

**(a) Revaluation of investment properties**

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged real estate valuation experts to assess fair value as at 31 December 2020. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

The fair values of investment properties are determined by independent real estate valuation experts using market comparable approach, capitalisation approach, discounted cash flow approach and residual land value approach.

The determination of the fair values of the investment properties requires the use of estimates on yield adjustments such as location, size, tenure, age and condition, and also involved estimation uncertainties on the capitalisation rate used.

The key assumptions used to determine the fair value of the investment properties are further explained in Notes 12 and 31(c)(i).

**(b) Contract assets and contract liabilities**

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs. Significant assumptions are required to estimate contract cost. In making these estimates, management has relied on past experience and knowledge of the project officials.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 4(c). If the estimated total contract cost had been 2% higher than management's estimate, contract assets and contract liabilities would have been $15,568,000 lower and $10,063,000 higher respectively (2019: $22,021,000 lower and $22,374,000 higher).

**(c) Revenue recognition on development properties under construction**

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total estimated costs to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred.

The carrying amounts of assets and liabilities as well as the revenue from sale of development properties (recognised on overtime basis) are disclosed in Note 18 and Note 4 respectively. If the estimated total development cost had been 2% higher than management's estimate, the carrying amount of the development properties under construction would have been $11,013,000 (2019: $13,966,000) higher and profit before tax would have been $4,546,000 (2019: $7,787,000) lower.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – *Continued*

#### 3.2 Key sources of estimation uncertainty – *Continued*

**(d) Impairment of intangible assets**

As disclosed in Note 13, the recoverable amounts of the cash generating units which goodwill, intellectual property, order backlog and brands have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the weighted average cost of capital and terminal yield rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 13.

The carrying amount of the intangible assets as at 31 December 2020 is $49,880,000 (2019: $47,947,000).

**(e) Impairment of hotel assets**

An impairment exists when the carrying value of hotel asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

Management assesses, on an annual basis, whether there are trigger events indicating potential impairment. Where applicable, the Group considers independent valuation reports of valuation specialists. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time. The value in use calculation is based on a discounted cash flow model derived from the budget for the next five years or the commercial useful life of the assets. The recoverable amount is most sensitive to the discount rate and capitalisation rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount of hotel assets as at 31 December 2020 is $347,122,000 (2019: $330,800,000).

**(f) Accounting for business combinations**

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Significant judgement is involved in the identification and measurement of the acquired assets and liabilities. Management used external valuation expert to perform the purchase price allocation. For acquisitions completed in the last quarter of the year, the fair values of the assets and liabilities have been determined on a provisional basis as the results of the independent valuations have not been finalised.

The details of the business combinations during the year are disclosed in Note 14.

## 4. REVENUE

### (a) Disaggregation of revenue

| | Construction | | Property development | | Hospitality | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Primary geographical markets** | | | | | | |
| Singapore | 144,592 | 164,405 | 464,169 | 781,510 | 16,466 | 31,568 |
| Australia | – | – | – | 10,441 | 6,453 | 12,747 |
| Maldives | – | – | – | – | 11,715 | 33,866 |
| Malaysia | – | – | – | – | – | – |
| Hong Kong | – | – | – | – | – | – |
| Others | – | – | – | – | – | – |
| | 144,592 | 164,405 | 464,169 | 791,951 | 34,634 | 78,181 |
| **Major product or service lines** | | | | | | |
| Construction contracts | 126,338 | 143,421 | – | – | – | – |
| Precast components | 18,254 | 20,984 | – | – | – | – |
| Development properties | – | – | 464,169 | 791,951 | – | – |
| Hotel operations | – | – | – | – | 34,634 | 78,181 |
| Rental of investment properties | – | – | – | – | – | – |
| School fee | – | – | – | – | – | – |
| Management fee | – | – | – | – | – | – |
| | 144,592 | 164,405 | 464,169 | 791,951 | 34,634 | 78,181 |
| **Timing of transfer of goods or services** | | | | | | |
| At a point in time | 18,254 | 20,984 | – | 10,441 | 34,634 | 78,181 |
| Over time | 126,338 | 143,421 | 464,169 | 781,510 | – | – |
| | 144,592 | 164,405 | 464,169 | 791,951 | 34,634 | 78,181 |

| | Property investment | | Corporate | | Education | | Total revenue | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| | 4,613 | 6,486 | 9 | 10 | 19,337 | 12,915 | 649,186 | 996,894 |
| | 678 | 795 | – | – | – | – | 7,131 | 23,983 |
| | – | – | – | – | – | – | 11,715 | 33,866 |
| | – | – | – | – | 5,151 | 896 | 5,151 | 896 |
| | – | – | – | – | 1,351 | – | 1,351 | – |
| | – | – | – | – | 99 | – | 99 | – |
| | 5,291 | 7,281 | 9 | 10 | 25,938 | 13,811 | 674,633 | 1,055,639 |
| | – | – | – | – | – | – | 126,338 | 143,421 |
| | – | – | – | – | – | – | 18,254 | 20,984 |
| | – | – | – | – | – | – | 464,169 | 791,951 |
| | – | – | – | – | – | – | 34,634 | 78,181 |
| | 5,291 | 7,281 | – | – | – | – | 5,291 | 7,281 |
| | – | – | – | – | 25,893 | 13,811 | 25,893 | 13,811 |
| | – | – | 9 | 10 | 45 | – | 54 | 10 |
| | 5,291 | 7,281 | 9 | 10 | 25,938 | 13,811 | 674,633 | 1,055,639 |
| | 5,291 | 7,281 | 9 | 10 | 933 | 962 | 59,121 | 117,859 |
| | – | – | – | – | 25,005 | 12,849 | 615,512 | 937,780 |
| | 5,291 | 7,281 | 9 | 10 | 25,938 | 13,811 | 674,633 | 1,055,639 |

**4. REVENUE – *Continued***

**(b) Judgement and methods used in estimating revenue**

**Recognition of revenue from development properties over time**

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

**(c) Contract assets and contract liabilities**

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

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Receivables from contracts with customers (Note 17) | 368,994 | 123,189 |
| Contract assets | 329,211 | 411,325 |
| Capitalised contract costs | 15,121 | 14,416 |
| Contract liabilities | 59,385 | 26,256 |

During the year, the Group has recognised impairment losses on trade receivables arising from contracts with customers amounting to $159,000 (2019: Nil).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for the sale of development properties and revenue from construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development properties and revenue from construction contracts. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract.

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

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Contract asset reclassified to receivables | 149,404 | 469,755 |

4. **REVENUE – *Continued***

(c) **Contract assets and contract liabilities – *Continued***

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

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | 24,190 | 97,650 |

(d) **Capitalised contract costs**

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Capitalised incremental costs of obtaining contract – commission costs paid to property agents | | |
| At 1 January | 14,416 | 16,663 |
| Additions | 12,947 | 12,137 |
| Amortisation | (12,242) | (14,378) |
| Foreign exchange difference | – | (6) |
| At 31 December | 15,121 | 14,416 |

(e) **Transaction price allocated to remaining performance obligation**

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2020 is $905,374,000 (2019: $1,153,840,000). The Group expects these performance obligations to be recognised in the next 4 years (2019: 4 years). This amount has not included the following:

- Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration for one year or less, or
  - The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

5. **INTEREST INCOME**

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Interest income from loan and receivables | 1,400 | 6,920 |
| Notional interest income on retention monies | 1,032 | – |
| | 2,432 | 6,920 |

## 6. OTHER INCOME

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| Foreign exchange gain, net | 4,087 | – |
| Gain on disposal of property, plant and equipment | 132 | 375 |
| Sales of materials | 416 | 1,227 |
| Rent concessions from landlords (a) | 1,062 | – |
| Government grants income (b) | 19,665 | 459 |
| Less: Government grant expense (c) | (555) | – |
| | 19,110 | 459 |
| Rental income from non-investment holding companies | 975 | 1,376 |
| Deposits forfeited from buyers | 642 | 154 |
| Net fair value gain on investment properties | – | 2,766 |
| Others | 892 | 559 |
| | 27,316 | 6,916 |

(a) Rent concessions received from lessors to which the Group applied the practical expedient under Amendments to SFRS(I) 16 *COVID-19 Related Rent Concessions.*

(b) Included grants funded by Singapore Government to help businesses deal with impact from COVID-19.

(c) Government grant expense relates to the property tax rebates and cash grants received from the Singapore Government that the Group is obliged to pass on the benefits to its tenants in the form of rental rebates during the year.

## 7. FINANCE COSTS

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| Interest expense on bank loans and borrowings | 35,718 | 58,071 |
| Interest expense on loans from non-controlling interests | 2,567 | 8,791 |
| Interest expense on lease liabilities | 4,045 | 1,507 |
| Less: Interest expense capitalised in development properties (Note 18) | (2,323) | (9,479) |
| Interest expense capitalised in property, plant and equipment (Note 11) | (637) | – |
| | 39,370 | 58,890 |

## 8. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| Audit fees paid to: | | |
| - Auditor of the Company | 563 | 430 |
| - Other auditors | 202 | 233 |
| Non-audit fees paid to: | | |
| - Auditor of the Company | 12 | 27 |
| - Network of member firms of the Auditor of the Company | 8 | 29 |
| Depreciation of property, plant and equipment | 37,422 | 25,115 |
| Amortisation of intangible assets (Note 13) | 2,479 | 511 |
| Employee benefits expense (Note 27) | 89,207 | 73,563 |
| Legal and professional fees | 5,288 | 4,738 |
| Net loss/(gain) from fair value adjustment of investment properties (Note 12) | 11,043 | (2,766) |
| Provision for onerous contract (Note 23) | 7,163 | 1,000 |
| Inventories recognised as an expense on cost of sales (Note 19) | 10,466 | 19,804 |
| Foreign exchange (gain)/loss, net | (4,087) | 2,494 |
| Fair value loss on investment security | 2,347 | – |
| Impairment loss on property, plant and equipment (Note 11) | 5,304 | 4,123 |
| Impairment loss on intangible assets (Note 13) | – | 460 |
| Impairment loss on financial assets | | |
| - Trade receivables | 159 | – |
| - Other receivables | 2,138 | – |
| Property, plant and equipment written off (Note 11) | 6,969 | 95 |
| Loss on liquidation of an associate | – | 3 |
| Maintenance of property, plant and equipment | 5,225 | 4,871 |
| One-off non-productive COVID-19 related expenses included in construction cost of sales | 20,831 | – |

## 9. INCOME TAX EXPENSE

***Major components of income tax expense***

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

| | Group | |
|---|---|---|
| | 2020<br>$'000 | 2019<br>$'000 |
| **Consolidated income statement:** | | |
| Current income tax | | |
| - current income taxation | 1,210 | 5,532 |
| - withholding tax | – | 3 |
| | 1,210 | 5,535 |
| Deferred income tax | | |
| - origination and reversal of temporary differences | 234 | 10,912 |
| Overprovision in respect of previous years | (355) | (4,947) |
| Income tax expense recognised in profit or loss | 1,089 | 11,500 |

***Relationship between tax expense and (loss)/profit before tax***

A reconciliation between tax expense and the product of (loss)/profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 is as follows:

| | Group | |
|---|---|---|
| | 2020<br>$'000 | 2019<br>$'000 |
| (Loss)/Profit before tax | (77,401) | 44,057 |
| Share of results of associates and joint ventures, net of tax | 1,480 | (4,609) |
| (Loss)/Profit before tax and share of results of associates and joint ventures | (75,921) | 39,448 |
| Tax at the domestic rates applicable to profits in the countries where the Group operates | (14,239) | 6,525 |
| Adjustments: | | |
| Non-deductible expenses | 15,651 | 12,199 |
| Income not subject to taxation | (5,767) | (3,100) |
| Benefits from previously unrecognised tax losses | (160) | (367) |
| Deferred tax assets not recognised | 6,254 | 1,466 |
| Effect of partial tax exemption and tax relief | (363) | (350) |
| Overprovision in respect of previous years | (355) | (4,947) |
| Withholding tax | – | 3 |
| Others | 68 | 71 |
| Income tax expense recognised in profit or loss | 1,089 | 11,500 |

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

## 10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share are calculated by dividing the (loss)/profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share are calculated by dividing (loss)/profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the (loss)/profit attributable to owners of the Company and share data used in the computation of basic and diluted (loss)/earnings per share for the years ended 31 December:

| | **Group** | |
|---|---|---|
| | **2020** | **2019** |
| | **'000** | **'000** |
| (Loss)/Profit, net of tax, attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per share ($) | (81,067) | 33,320 |
| Weighted average number of ordinary shares for basic (loss)/earnings per share computation | 782,946 | 658,172 |
| Effects of dilution on share options | – | 6,170 |
| Weighted average number of ordinary shares for diluted (loss)/earnings per share computation | 782,946 | 664,342 |

Since the end of the financial year, 500,000 ordinary shares (2019: 500,000) were granted to and vested by an executive director pursuant to the Chip Eng Seng Performance Share Plan. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

**11. PROPERTY, PLANT AND EQUIPMENT**

| Group | Freehold land $'000 | Leasehold land $'000 | Freehold and leasehold buildings $'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2019 | 22,727 | 163,906 | 186,613 |
| Additions | – | – | 65,167 |
| Disposals | – | – | – |
| Written off | – | – | – |
| Arising from acquisition of subsidiaries (Note 14) | 13,524 | – | 21,454 |
| Exchange differences | (372) | (260) | (1,642) |
| At 31 December 2019 and 1 January 2020 | 35,879 | 163,646 | 271,592 |
| Additions | – | 59,481 | 39,316 |
| Disposals | – | – | – |
| Written off | – | – | (5,090) |
| Transfer between accounts | – | – | (380) |
| Arising from acquisition of subsidiaries (Note 14) | – | – | 37 |
| Exchange differences | 1,541 | (1,694) | (1,110) |
| At 31 December 2020 | 37,420 | 221,433 | 304,365 |
| **Accumulated depreciation** | | | |
| At 1 January 2019 | – | 14,986 | 12,941 |
| Depreciation charge | – | 2,568 | 12,178 |
| Impairment loss | – | 315 | – |
| Disposals | – | – | – |
| Written off | – | – | – |
| Exchange differences | – | (10) | (127) |
| At 31 December 2019 and 1 January 2020 | – | 17,859 | 24,992 |
| Depreciation charge | – | 3,350 | 22,575 |
| Impairment loss | – | 1,627 | 2,991 |
| Disposals | – | – | – |
| Written off | – | – | (292) |
| Exchange differences | – | (60) | (341) |
| At 31 December 2020 | – | 22,776 | 49,925 |
| **Net carrying amount** | | | |
| At 31 December 2019 | 35,879 | 145,787 | 246,600 |
| At 31 December 2020 | 37,420 | 198,657 | 254,440 |

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 29(a).

| Container office, building and construction equipment $'000 | Motor vehicles $'000 | Computer and office equipment $'000 | Furniture, fixture and fittings $'000 | Total $'000 |
|---|---|---|---|---|
| | | | | |
| 12,563 | 7,435 | 5,367 | 36,724 | 435,335 |
| 1,405 | 1,600 | 802 | 11,577 | 80,551 |
| (706) | (1,419) | (9) | (53) | (2,187) |
| – | (715) | (357) | (1) | (1,073) |
| 1,359 | 1,982 | 285 | 340 | 38,944 |
| (5) | (14) | (24) | (550) | (2,867) |
| 14,616 | 8,869 | 6,064 | 48,037 | 548,703 |
| 5,247 | 767 | 1,520 | 13,566 | 119,897 |
| (874) | (884) | (28) | (76) | (1,862) |
| – | (407) | (169) | (4,407) | (10,073) |
| – | 369 | 47 | (36) | – |
| – | – | 92 | – | 129 |
| (27) | (33) | (19) | 545 | (797) |
| 18,962 | 8,681 | 7,507 | 57,629 | 655,997 |
| | | | | |
| 9,125 | 4,562 | 3,852 | 10,352 | 55,818 |
| 1,507 | 958 | 1,048 | 6,856 | 25,115 |
| – | – | – | 3,808 | 4,123 |
| (706) | (1,353) | (6) | (31) | (2,096) |
| – | (620) | (357) | (1) | (978) |
| (3) | (7) | (18) | (179) | (344) |
| 9,923 | 3,540 | 4,519 | 20,805 | 81,638 |
| 2,219 | 1,882 | 1,168 | 6,943 | 38,137 |
| – | – | – | 686 | 5,304 |
| (874) | (806) | (16) | (47) | (1,743) |
| – | (149) | (146) | (2,517) | (3,104) |
| (19) | (11) | (11) | 512 | 70 |
| 11,249 | 4,456 | 5,514 | 26,382 | 120,302 |
| | | | | |
| 4,693 | 5,329 | 1,545 | 27,232 | 467,065 |
| 7,713 | 4,225 | 1,993 | 31,247 | 535,695 |

**11. PROPERTY, PLANT AND EQUIPMENT – *Continued***

| Company | Leasehold building $'000 | Motor vehicles $'000 | Computer and office equipment $'000 | Furniture, fixture and fittings $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2019 | 4,454 | 2,850 | 631 | 88 | 8,023 |
| Additions | – | 977 | 39 | – | 1,016 |
| Disposals | – | (642) | – | (7) | (649) |
| Written off | – | (715) | – | – | (715) |
| At 31 December 2019 and 1 January 2020 | 4,454 | 2,470 | 670 | 81 | 7,675 |
| Additions | – | 538 | 89 | 87 | 714 |
| Disposals | – | (420) | – | – | (420) |
| Written off | – | (407) | – | – | (407) |
| At 31 December 2020 | 4,454 | 2,181 | 759 | 168 | 7,562 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2019 | – | 1,678 | 420 | 33 | 2,131 |
| Depreciation charge | 1,898 | 406 | 115 | 15 | 2,434 |
| Disposals | – | (576) | – | – | (576) |
| Written off | – | (620) | – | – | (620) |
| At 31 December 2019 and 1 January 2020 | 1,898 | 888 | 535 | 48 | 3,369 |
| Depreciation charge | 1,897 | 528 | 96 | 18 | 2,539 |
| Disposals | – | (363) | – | – | (363) |
| Written off | – | (149) | – | – | (149) |
| At 31 December 2020 | 3,795 | 904 | 631 | 66 | 5,396 |
| **Net carrying amount** | | | | | |
| At 31 December 2019 | 2,556 | 1,582 | 135 | 33 | 4,306 |
| At 31 December 2020 | 659 | 1,277 | 128 | 102 | 2,166 |

Assets under construction

The Group's freehold and leasehold buildings included carrying amounts of $1,906,000 (2019: $4,332,000) which relates to expenditure for hotels under construction.

Assets pledged as security

The Group's freehold and leasehold land and buildings with a carrying amount of $323,382,000 (2019: $305,886,000) are mortgaged to secure bank borrowings.

Interest and depreciation capitalisation

During the financial year, interest expense on lease liabilities of $637,000 (2019: Nil) and depreciation of $715,000 (2019: Nil) were capitalised under 'Property, plant and equipment'.

## 11. PROPERTY, PLANT AND EQUIPMENT – *Continued*

Impairment of assets

The management undertook their annual review of the carrying value of property, plant and equipment for indication of impairment and, where appropriate, external valuations were also undertaken. Based on this assessment, an impairment charge of $5,304,000 (2019: $4,123,000) was recognised in the income statement.

The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

Valuation of completed freehold and leasehold land and buildings

As at 31 December, the completed freehold and leasehold land and buildings were appraised by professional valuers as follows:

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| **At valuation** | | |
| Freehold land and buildings | 60,113 | 57,556 |
| Leasehold land and buildings | 521,599 | 531,690 |

The valuation surplus has not been incorporated in the financial statements.

For purposes of the consolidated cash flows statement, purchase of property, plant and equipment by cash flows comprise the following:

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Additions of property, plant and equipment | 119,897 | 80,551 |
| Less: Additions of right-of-use assets (Note 29(a)) | (68,184) | (60,435) |
| Less: Interest expenses on lease liabilities capitalised | (637) | – |
| Less: Depreciation capitalised | (715) | – |
| Purchase of property, plant and equipment per consolidated cash flows statement | 50,361 | 20,116 |

## 12. INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| At 1 January | 305,528 | 250,617 |
| Net (loss)/gain from fair value adjustments recognised in profit or loss (Note 8) | (11,043) | 2,766 |
| Additions (subsequent expenditure) | 911 | – |
| Transfer from development properties | – | 52,458 |
| Exchange differences | 1,363 | (313) |
| At 31 December | 296,759 | 305,528 |
| The following amounts are recognised in the income statement: | | |
| Rental income (Note 4) | 5,291 | 7,281 |
| Direct operating expenses arising from rental generating properties | 1,936 | 2,814 |

The Group has no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Properties pledged as securities

Certain investment properties amounting to $278,269,000 (2019: $288,258,000) are mortgaged to secure banking facilities.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at balance sheet date. The valuations were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, CBRE Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, Knight Frank Pte Ltd and Jones Lang LaSalle Advisory Services Pty Limited, independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 31(c)(i).

The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

Transfer from development properties

In 2019, the Group transferred the retail component of a development property to investment property. On the transfer date, the Group commenced to hold the retail component to earn rental or for capital appreciation, or both.

## 13. INTANGIBLE ASSETS

| | Group | | | | | | Company |
|---|---|---|---|---|---|---|---|
| | Club membership $'000 | Intellectual property $'000 | Order backlog $'000 | Brands $'000 | Goodwill $'000 | Total $'000 | Club membership $'000 |
| **Cost** | | | | | | | |
| At 1 January 2019 | 749 | 3,070 | – | 5,602 | 9,836 | 19,257 | 623 |
| Acquisition of subsidiaries, as previously reported (Note 14) | – | 1,123 | – | – | 25,886 | 27,009 | – |
| Adjustments arising from finalisation of purchase price allocation (Note 14) | – | – | 7,500 | – | (2,272) | 5,228 | – |
| Acquisition of subsidiaries, as restated (Note 14) | – | 1,123 | 7,500 | – | 23,614 | 32,237 | – |
| Disposals | (126) | – | – | – | – | (126) | – |
| Exchange differences | – | – | – | – | (18) | (18) | – |
| At 31 December 2019 and 1 January 2020 | 623 | 4,193 | 7,500 | 5,602 | 33,432 | 51,350 | 623 |
| Acquisition of subsidiaries (Note 14) | – | – | 2,359 | – | 2,075 | 4,434 | – |
| Disposals | (33) | – | – | – | – | (33) | (33) |
| Exchange differences | – | – | – | – | 75 | 75 | – |
| At 31 December 2020 | 590 | 4,193 | 9,859 | 5,602 | 35,582 | 55,826 | 590 |
| **Accumulated amortisation and impairment** | | | | | | | |
| At 1 January 2019 | 240 | 1,848 | – | – | 492 | 2,580 | 114 |
| Amortisation for the year | 62 | 449 | – | – | – | 511 | 62 |
| Impairment loss | – | – | – | – | 460 | 460 | – |
| Disposal | (126) | – | – | – | – | (126) | – |
| Exchange differences | – | (11) | – | – | (11) | (22) | – |
| At 31 December 2019 and 1 January 2020 | 176 | 2,286 | – | – | 941 | 3,403 | 176 |
| Amortisation for the year | 62 | 503 | 1,914 | – | – | 2,479 | 62 |
| Disposal | (11) | – | – | – | – | (11) | (11) |
| Exchange differences | – | – | – | – | 75 | 75 | – |
| At 31 December 2020 | 227 | 2,789 | 1,914 | – | 1,016 | 5,946 | 227 |
| **Net carrying amount** | | | | | | | |
| At 31 December 2019 (restated) | 447 | 1,907 | 7,500 | 5,602 | 32,491 | 47,947 | 447 |
| At 31 December 2020 | 363 | 1,404 | 7,945 | 5,602 | 34,566 | 49,880 | 363 |

## 13. INTANGIBLE ASSETS – *Continued*

Brands

Brands relate to the "White Lodge" brands for the Group's education services that were acquired in business combinations. As explained in Note 2.9, the useful life of these brands is estimated to be indefinite.

Amortisation expense

The amortisation of club membership, intellectual property and order backlog are included in the "Administrative expenses" line item in the income statement. The remaining amortisation period ranges from 2 to 7 years (2019: 3 to 8 years).

Goodwill, intellectual property and order backlog from acquisitions of subsidiaries

Goodwill and order backlog arising from the construction business acquired on 30 December 2020 were provisionally determined as the Group is still in the midst of assessing the fair value of identified assets and liabilities acquired.

The goodwill, intellectual property and order backlog arising from the education and construction businesses acquired in last quarter of 2019 were provisionally determined as the final results of the independent valuation of the assets and liabilities acquired have not been determined by the independent valuer by the date the 2019 financial statements was authorised for issue. Following the completion of the final purchase price allocation in 2020, adjustments were made to the provisional fair values of the identifiable assets and liabilities in respect of the construction business previously recorded in 2019. The effect of the adjustments made during the 12 months period from acquisition date is set out under Note 14.

Impairment testing of goodwill and other intangible assets

Goodwill and other intangible assets acquired through business combinations have been allocated to the respective cash generating units ("CGU") for impairment testing.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The weighted average cost of capital rate ("WACC") applied to the cash flow projections and the terminal yield rate used to extrapolate cash flow projections beyond the five-year period are as follows:

| | **Goodwill and other intangible assets** | | **WACC** | | **Terminal growth rate** | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** | **2020** | **2019** |
| | **$'000** | **$'000 (restated)** | **%** | **%** | **%** | **%** |
| White Lodge | 15,086 | 15,264 | 10.0 | 10.2 | 1.7 | 2.5 |
| Invictus | 8,962 | 9,287 | 14.1 | 14.1 | 1.5 | 1.5 |
| CEM | 6,480 | 6,480 | 13.3 | 13.3 | – | 2.0 |
| SDC | 14,555 | 16,469 | 8.4 | 8.4 | – | – |
| BSWS | 4,434 | – | – | – | – | – |

Impairment loss recognised

In 2019, an impairment loss was recognised to write-down the carrying amount of goodwill which were not recoverable through use. The impairment loss of $460,000 was recognised in the "Administrative expenses" line item in the income statement.

There was no impairment loss recognised in 2020.

## 14. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| Shares, at cost | 124,192 | 81,642 |

Details regarding subsidiaries are set out in Note 1.

The Company's contingent liabilities in respect of its investments in subsidiaries are disclosed in Note 30.

Interest in subsidiaries with material non-controlling interest ("NCI")

There are no subsidiaries with NCI that are material to the Group in 2020.

The Group has the following subsidiaries with NCI that are material to the Group in 2019.

| Name of Subsidiary | Principal place of business | Proportion of ownership interest held by NCI | (Loss)/Profit allocated to NCI during the reporting period | Accumulated NCI at the end of reporting period | Dividends paid to NCI |
|---|---|---|---|---|---|
| | | % | $'000 | $'000 | $'000 |
| **31 December 2019** | | | | | |
| Fernvale Development Pte. Ltd. | Singapore | 40 | (1,267) | 28,435 | 29,200 |
| CEL Unique Pte. Ltd. and its subsidiaries | Singapore | 40 | 1,745 | (3,670) | – |

## 14. INVESTMENTS IN SUBSIDIARIES – *Continued*

Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interest is as follows:

| | CEL Unique Pte. Ltd. and its subsidiaries 2019 $'000 | Fernvale Development Pte. Ltd. 2019 $'000 |
|---|---|---|
| **Summarised balance sheets** | | |
| **Current** | | |
| Assets | 705,267 | 120,157 |
| Liabilities | (26,297) | (37,240) |
| Net current assets | 678,970 | 82,917 |
| **Non-current** | | |
| Assets | 2,701 | – |
| Liabilities | (690,846) | (11,830) |
| Net non-current liabilities | (688,145) | (11,830) |
| Net (liabilities)/assets | (9,175) | 71,087 |
| **Summarised statement of comprehensive income** | | |
| Revenue | 362,962 | 45,011 |
| Profit/(Loss) before tax | 5,258 | (3,819) |
| Income tax (expense)/credit | (895) | 651 |
| Profit/(Loss) after tax and total comprehensive income | 4,363 | (3,168) |
| **Other summarised information** | | |
| Net cash flows generated from operating activities | 60,773 | 414,456 |
| Net cash flows used in financing activities | (72,000) | (391,000) |

## 14. INVESTMENTS IN SUBSIDIARIES – *Continued*

**Acquisitions of subsidiaries**

Acquisition in 2020

On 30 December 2020, the Group acquired 100% equity interest in Boustead Salcon Water Solutions Pte. Ltd. ("BSWS").

BSWS is a fully integrated engineering, procurement, construction and maintenance contractor. The acquisition presents an opportunity for the Group to extend the footprint of its existing civil infrastructure business to include design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. In addition, BSWS is qualified to tender for public sector contracts in Singapore with unlimited tender sums.

The provisional fair values of the identifiable assets and liabilities of BSWS as at the acquisition date were:

| | **Fair value recognised on acquisition $'000** |
|---|---|
| Property, plant and equipment | 129 |
| Intangible assets | 2,359 |
| Investment in joint venture | 252 |
| Trade and other receivables | 5,613 |
| Contract assets | 5,666 |
| Cash and cash equivalents | 7,223 |
| | 21,242 |
| Trade and other payables | (3,059) |
| Contract liabilities | (12,331) |
| Other liabilities | (610) |
| Lease liabilities | (37) |
| | (16,037) |
| Total identifiable net assets at fair value | 5,205 |
| Goodwill arising from acquisition | 2,075 |
| Total consideration paid in cash | 7,280 |
| Effect of the acquisition of subsidiary on cash flows | |
| Total consideration paid in cash | 7,280 |
| Less: Cash and cash equivalents of subsidiary acquired | (7,223) |
| Net cash outflow on acquisition | 57 |

**14. INVESTMENTS IN SUBSIDIARIES – *Continued***

**Acquisitions of subsidiaries – *Continued***

Acquisition in 2020 – *Continued*

Goodwill arising from acquisition

The goodwill of $2,075,000 comprises the value of expected synergy and opportunity arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

As the acquisition was completed on 30 December 2020, there was no contribution from BSWS to the Group's results for the year. If the acquisition had taken place at the beginning of the year, BSWS would have contributed revenue of $16,030,000 and net loss of $1,182,000 to the Group's results.

Provisional accounting of the acquisition of subsidiary

Goodwill and order backlog have been provisionally identified as intangible assets arising from the acquisition. The fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuations have not been received by the date the financial statements was authorised for issue. Upon finalisation of the purchase price allocation exercises, adjustments may be made on a retrospective basis.

Acquisition of additional interest in subsidiary in 2020

During the financial year, the Group increased its equity interest in Invictus International School Pte. Ltd. ("Invictus") via subscription of shares amounting to $25,290,000 and acquisition of shares from non-controlling interest for a purchase consideration of $3,000,000. As a result, the Group's effective interest in Invictus increased to 92.65% from 55.4%.

Following is a reconciliation of how the interest in Invictus acquired has been accounted for:

| | **$'000** |
|---|---|
| Consideration paid to non-controlling shareholders | 3,000 |
| Carrying value of the net liabilities attributable to additional interest in Invictus | 3,901 |
| Difference recognised in other reserves | 6,901 |

## 14. INVESTMENTS IN SUBSIDIARIES – *Continued*

### Acquisitions of subsidiaries – *Continued*

Acquisitions in 2019

On 12 April 2019, the Group's 70%-owned subsidiary, White Lodge Education Group Services Pte. Ltd. ("WL") acquired a 64.64% equity interest in Invictus, an education service provider. Upon acquisition, Invictus became a 45.25% subsidiary of the Group.

Acquisition of additional interest in Invictus in 2019

Subsequent to the acquisition, the Group through its subsidiary, CES WL Pte. Ltd., increased another 10.15% equity interest in Invictus for a purchase consideration of $2,540,000. As a result, Invictus became a 55.4% subsidiary of the Group.

The carrying value of the net assets of Invictus (excluding goodwill on the original acquisition) was $6,118,000. Following is a schedule of additional interest acquired in Invictus:

| | **$'000** |
|---|---|
| Consideration paid to non-controlling shareholders | 2,540 |
| Carrying value of the additional interest in Invictus | (621) |
| Difference recognised in other reserves | 1,919 |

The Group has acquired Invictus to bring synergy to the WL's operations and expansion plans. In particular, Invictus presents a ready opportunity for expansion into the international primary school education segment.

On 12 December 2019, the Group acquired a 100% equity interest in CES Education (Malaysia) Pte. Ltd. ("CEM"), an education service provider. Upon acquisition, CEM became a wholly-owned subsidiary of the Group.

On 12 December 2019, the Group acquired a 100% equity interest in CES_SDC Pte. Ltd. ("SDC"), which is principally engaged in the building construction and construction project management businesses.

The Group has elected to measure the above non-controlling interests at the non-controlling interest's proportionate share of net identifiable assets of the respective subsidiaries.

## 14. INVESTMENTS IN SUBSIDIARIES – *Continued*

**Acquisitions of subsidiaries – *Continued***

<u>Acquisitions in 2019</u> – *Continued*

For the subsidiaries acquired in 2019, the fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuations have not been received by the date the financial statements ended 31 December 2019 was authorised for issue. Following the completion of the final purchase price allocation in 2020, adjustments were made to the provisional fair values of the identifiable assets and liabilities of SDC previously recorded in 2019. The effect of the adjustments made during the 12 months period from acquisition date is set out below:

| | Fair value recognised on acquisition (provisional) 2019 $'000 | Adjustments $'000 | Fair value recognised on acquisition (restated) 2019 $'000 |
|---|---|---|---|
| Intangible assets | – | 7,500 | 7,500 |
| Contract assets | 9,520 | (3,953) | 5,567 |
| Deferred tax liabilities | (38) | (1,275) | (1,313) |
| Other assets and liabilities | 29,349 | – | 29,349 |
| Total identifiable net assets at fair value | 38,831 | 2,272 | 41,103 |
| Goodwill arising from acquisition | 11,241 | (2,272) | 8,969 |
| Total consideration paid in cash | 50,072 | – | 50,072 |

Purchase price adjustments in respect of SDC have been applied retrospectively in accordance with SFRS(I) 3 *Business Combinations*, as these adjustments, which relate to balance sheet effects, are considered material to the Group. As the difference between the provisional and finalised fair values of Invictus and CEM were not material, the comparative figures in respect of these subsidiaries have not been adjusted.

## 14. INVESTMENTS IN SUBSIDIARIES – *Continued*

### Acquisitions of subsidiaries – *Continued*

Acquisitions in 2019 – *Continued*

| | Fair value recognised on acquisition | | |
|---|---|---|---|
| | **Invictus and CEM** | **SDC** | **Total** |
| | **$'000** | **$'000 (restated)** | **$'000 (restated)** |
| Property, plant and equipment | 32,477 | 6,467 | 38,944 |
| Intangible assets | 1,123 | 7,500 | 8,623 |
| Trade and other receivables | 1,762 | 21,790 | 23,552 |
| Contract assets | – | 5,567 | 5,567 |
| Tax recoverable | 5 | – | 5 |
| Inventories | 3 | – | 3 |
| Cash and cash equivalents | 9,993 | 68,571 | 78,564 |
| | 45,363 | 109,895 | 155,258 |
| Trade and other payables | (4,965) | (19,930) | (24,895) |
| Other liabilities | – | (42,026) | (42,026) |
| Income tax payable | – | (4,937) | (4,937) |
| Loans and borrowings | (9,823) | – | (9,823) |
| Lease liabilities | (2,543) | (586) | (3,129) |
| Deferred tax liabilities | (2,548) | (1,313) | (3,861) |
| | (19,879) | (68,792) | (88,671) |
| Total identifiable net assets at fair value | 25,484 | 41,103 | 66,587 |
| Non-controlling interest's proportionate share of subsidiaries' identifiable net assets | (2,658) | – | (2,658) |
| Non-cash consideration | (3,539) | – | (3,539) |
| Goodwill arising from acquisitions | 14,645 | 8,969 | 23,614 |
| Total consideration paid in cash | 33,932 | 50,072 | 84,004 |
| Effect of the acquisitions of subsidiaries on cash flows | | | |
| Total consideration paid in cash | 33,932 | 50,072 | 84,004 |
| Less: Cash and cash equivalents of subsidiaries acquired | (9,993) | (68,571) | (78,564) |
| Net cash outflow/(inflow) on acquisitions | 23,939 | (18,499) | 5,440 |

## 14. INVESTMENTS IN SUBSIDIARIES – *Continued*

**Acquisitions of subsidiaries – *Continued***

Acquisitions in 2019 – *Continued*

Goodwill arising from acquisitions

The goodwill of $23,614,000 comprise the value of expected synergies and opportunities arising from the acquisitions. $14,645,000 and $8,969,000 are allocated to the education segment and construction segment respectively.

Impact of the acquisitions on profit or loss

From the acquisition dates of respective subsidiaries, the subsidiaries have contributed $7,378,000 of revenue and $5,302,000 of net loss to the Group's results in the year of acquisitions. If the business combinations had taken place at the beginning of the year of acquisitions, the subsidiaries would have contributed revenue of $101,469,000 and net loss of $138,000 to the Group's results.

## 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | | $'000 | $'000 | $'000 | $'000 |
| Investments in joint ventures | (a) | 32,921 | 26,687 | – | – |
| Investments in associates | (b) | 6,352 | 6,084 | 650 | 650 |
| | | 39,273 | 32,771 | 650 | 650 |

### (a) Investments in joint ventures

Set out below are joint ventures that are material to the Group.

The Group has a 50% interest in the ownership and voting rights in a joint venture, Roxy-CES (NZ) Limited ("Roxy-CES") that is held through a subsidiary. This joint venture is incorporated in New Zealand and is a strategic venture in the business of property investment.

The Group has a 35% interest in Zeus EduTech Group (Cayman) and its subsidiaries ("Zeus Group"), whose principal business is education software, online K-12 education, education training and consulting services.

## 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES – *Continued*

### (a) Investments in joint ventures – *Continued*

The following table illustrates the summarised financial information of the Group's investment in Roxy-CES and Zeus Group:

| | 2020 | | 2019 |
|---|---|---|---|
| | Roxy-CES<br>$'000 | Zeus Group<br>$'000 | Zeus Group<br>$'000 |
| Current assets[1] | 12,427 | 10,517 | 14,073 |
| Non-current assets | 198,202 | 443 | 3,723 |
| Current liabilities[2] | (31,565) | (9,167) | (266) |
| Non-current liabilities[3] | (155,427) | (103) | (880) |
| Equity | 23,637 | 1,690 | 16,650 |
| Group's share | 50% | 35% | 35% |
| Group's carrying amount of the investment | 11,819 | 592 | 5,828 |
| Add: Goodwill | – | 9,539 | 9,014 |
| Carrying value of Group's interest in joint ventures | 11,819 | 10,131 | 14,842 |
| Revenue | 12,533 | 8,218 | 6,248 |
| Interest income | 69 | 5 | – |
| Interest expense | 3,218 | 249 | 220 |
| Income tax expense | 3,834 | 32 | – |
| Net profit/(loss) | 9,301 | (13,263) | 3,023 |
| Other comprehensive income | – | 224 | (243) |
| Total comprehensive income | 9,301 | (13,039) | 2,780 |
| [1] Includes cash and cash equivalents | 10,223 | 894 | 3,466 |
| [2] Includes financial liabilities (excluding trade payables) | 31,246 | 8,897 | – |
| [3] Includes financial liabilities (excluding trade payables) | 137,298 | – | 880 |

The following table summarises in aggregate, the carrying amount of Group's interest in all individually immaterial joint ventures and Group's share of profit and total comprehensive income of the Group's individually immaterial joint ventures accounted for using the equity method:

| | Group | |
|---|---|---|
| | 2020<br>$'000 | 2019<br>$'000 |
| Carrying value of individually immaterial joint ventures | 10,971 | 11,845 |
| (Loss)/Profit after tax and total comprehensive income | (1,566) | 3,008 |

Details regarding joint ventures are set out in Note 1.

**15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES – *Continued***

**(b) Investments in associates**

There are no associates which are material to the Group.

The following table summarises in aggregate, the Group's share of profit and total comprehensive income of the Group's individually immaterial associates accounted for using the equity method:

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Profit after tax | 78 | 543 |
| Other comprehensive income | 178 | – |
| Total comprehensive income | 256 | 543 |

Details regarding associates are set out in Note 1.

**16. JOINT OPERATIONS**

The Group has a 50% and 40% equity interest in the ownership and voting rights in joint operations, Sinohydro - CES_SDC Joint Venture and Hock Lian Seng - CES_SDC JV respectively that are held through a subsidiary, CES_SDC Pte. Ltd.

All joint operations are incorporated in Singapore and are strategic ventures of the business. The Group controls the joint operations with the other partner under the contractual agreements which provide the Group with rights to assets and obligations for the liabilities relating to the joint operations.

Details regarding the joint operations are set out in Note 1.

## 17. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Current:** | | | | |
| Trade receivables | 47,023 | 34,097 | – | – |
| Accrued receivables | 321,971 | 89,092 | – | – |
| Deposits | 6,892 | 7,621 | 255 | 3 |
| Recoverables | 5,338 | 10,406 | – | 10 |
| GST receivables | 3,952 | 2,024 | – | – |
| Loan to investee company | 21,567 | 21,987 | – | – |
| Amounts due from subsidiaries, trade | – | – | 86,157 | 16,268 |
| Amount due from associate, non-trade | 9,000 | 9,000 | – | – |
| Amount due from joint venture, non-trade | 646 | – | – | – |
| Amounts due from related parties, trade | 90 | 469 | – | – |
| Others | 2,762 | 1,640 | – | 110 |
| | 419,241 | 176,336 | 86,412 | 16,391 |
| **Non-current:** | | | | |
| Amounts due from subsidiaries, non-trade | – | – | 349,813 | 346,605 |
| Less: Allowance for impairment loss | – | – | (60,228) | – |
| Amount due from associate, non-trade | 197 | 197 | – | – |
| Amounts due from joint venture, non-trade | 29,493 | 28,036 | – | – |
| Other receivables | 3,282 | 4,373 | 125 | – |
| | 32,972 | 32,606 | 289,710 | 346,605 |
| Total trade and other receivables (excluding GST receivables) | 448,261 | 206,918 | 376,122 | 362,996 |
| Add: Cash and short-term deposits (Note 20) | 374,040 | 378,487 | 4,439 | 57,729 |
| Total financial assets carried at amortised cost | 822,301 | 585,405 | 380,561 | 420,725 |

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Vietnamese Dong | 9,000 | 9,000 |
| US Dollar | 5,053 | 4,259 |
| New Zealand Dollar | 29,493 | 28,036 |
| Renminbi | 197 | 197 |

Trade receivables and amount due from subsidiaries and related parties, trade (current)

These amounts are non-interest bearing and are generally on 14 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Deposits

Included in the deposits are rental deposits amounting to $1,486,000 (2019: $4,589,000) and deposits paid for building and construction equipment amounting to $1,824,000 (2019: $1,685,000).

**17. TRADE AND OTHER RECEIVABLES – *Continued***

Recoverables

Recoverables relate mainly to payment made on behalf of suppliers and advances to sub-contractors.

Loan to investee company

The loan is extended from the Company's subsidiary, Viet Investment Link Joint Stock Company ("VietLink") to Giai Loi Investment Joint Stock Company ("GL") pursuant to a loan agreement with the intention to acquire a 60% stake of a proposed investment in a real estate development project known as "Soai Kinh Lan Apartment – Commercial Center". The loan is secured by certain assets of the owner of GL.

The principal amount of the loan, together with any accrued interest, is payable within six months from the date on which the loan is drawn down. The loan is interest-free until the Company or its nominated purchaser is a shareholder of GL, upon which, interest will apply to the loan with reference to the market rate at that time. Pursuant to the loan arrangement, GL is obliged to repay the loan, together with any accrued interest, in full or in part within three business days of receipt of a payment notice from VietLink.

Amounts due from joint venture and associate, non-trade (current)

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

Amounts due from subsidiaries, non-trade (non-current)

These amounts are unsecured and bear interest at varying rates from 3.30% to 3.84% per annum (2019: $346,605,000 at varying rates from 2.81% to 4.84% per annum). The amounts have no fixed repayment terms and are repayable only upon demand by holding company.

Amounts due from joint venture and associate, non-trade (non-current)

These amounts are unsecured, non-interest bearing and are not expected to be repaid within the next twelve months. All amounts are to be settled in cash.

Other receivables (non-current)

These amounts are unsecured and non-interest bearing, except for loans amounting to $3,897,000 (2019: $3,897,000) at fixed rate of 7% (2019: 7%) per annum. The amounts are not expected to be repaid within the next twelve months. During the year, fair value loss of $2,347,000 and impairment loss of $2,138,000 have been recognised for the convertible loan and unsecured loan respectively included under 'Other receivables'.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables of the Group and amount due from subsidiary of the Company computed based on lifetime ECL are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>$'000 | 2019<br>$'000 | 2020<br>$'000 | 2019<br>$'000 |
| Movement in allowance accounts: | | | | |
| At 1 January | 130 | 2,571 | – | – |
| Charge for the year | 159 | – | 60,228 | – |
| Written off | (132) | (2,437) | – | – |
| Exchange differences | 4 | (4) | – | – |
| At 31 December | 161 | 130 | 60,228 | – |

## 18. DEVELOPMENT PROPERTIES

| | Group 2020 $'000 | Group 2019 $'000 |
|---|---|---|
| Properties under development, units for which revenue is recognised over time | | |
| Land and land related cost | 879,770 | 1,164,808 |
| Development costs | 103,444 | 108,979 |
| | 983,214 | 1,273,787 |
| Properties under development, units for which revenue is recognised at a point in time | | |
| Land and land related cost | 90,929 | 77,855 |
| Development costs | 20,038 | 21,582 |
| | 110,967 | 99,437 |
| Total development properties | 1,094,181 | 1,373,224 |

| | Group 2020 $'000 | Group 2019 $'000 |
|---|---|---|
| Development properties recognised as an expense in cost of sales | 386,629 | 607,852 |

Included in development properties are land costs and borrowing costs that are attributable to the sold units, which are capitalised. These costs are expected to be recoverable and are amortised to profit or loss on a systemic basis as the Group recognises the related revenue.

The amount of fulfilment costs recognised in profit or loss is disclosed in Note 4(d).

During the financial year, borrowing costs of $2,323,000 (2019: $9,479,000) arising from borrowings obtained specifically for the development properties were capitalised under "Development cost". Interest rate for borrowing costs capitalised during the year range from 1.28% to 2.54% (2019: 2.32% to 2.92%) per annum.

The development properties are subject to legal mortgages for the purpose of securing bank loans (Note 21).

## 19. INVENTORIES

| | Group 2020 $'000 | Group 2019 $'000 |
|---|---|---|
| Raw materials (at cost) | 659 | 599 |
| Finished goods (at cost or net realisable value) | 1,405 | 1,285 |
| Hotel supplies (at cost) | 787 | 954 |
| | 2,851 | 2,838 |
| Income statement: | | |
| Inventories recognised as an expense in cost of sales | 10,466 | 19,804 |

### 20. CASH AND SHORT-TERM DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | $'000 | $'000 | $'000 | $'000 |
| Cash at banks and on hand | 156,253 | 121,537 | 4,141 | 6,726 |
| Short-term deposits | 37,878 | 116,156 | 298 | 51,003 |
| Project account – Cash at bank | 52,015 | 15,918 | – | – |
| Project account – Short-term deposits | 127,894 | 124,876 | – | – |
| | 374,040 | 378,487 | 4,439 | 57,729 |

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 12 months (2019: 1 day and 12 months), depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The interest rates for the year ended 31 December 2020 for the Group and the Company range from 0.02% to 1.74% (2019: 0.1% to 2.25%) per annum and from 0.05% to 1.55% (2019: 0.1% to 2.18%) per annum respectively.

As at 31 December 2020, the Group has a total balance of $179,909,000 (2019: $140,794,000) held under the Housing Developers (Project Account) Rules in Singapore and the use of which is also governed by these rules.

Cash and short-term deposits denominated in foreign currency at 31 December are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | $'000 | $'000 | $'000 | $'000 |
| Australian Dollar | 548 | 504 | 276 | 255 |
| US Dollar | 5,196 | 16,946 | 30 | 16,758 |
| Vietnamese Dong | 53 | 55 | 50 | 51 |
| United Arab Emirates Dirham | 214 | – | – | – |

The Group has pledged a part of its short-term deposits to fulfil collateral requirements.

For purposes of the consolidated cash flows statement, cash and cash equivalents comprise the following:

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| Cash and short-term deposits (as above) | 374,040 | 378,487 |
| Less: short-term deposits pledged | (4,256) | (4,256) |
| Cash and cash equivalents per consolidated cash flows statement | 369,784 | 374,231 |

## 21. LOANS AND BORROWINGS

| | Maturity | Group 2020 $'000 | Group 2019 $'000 | Company 2020 $'000 | Company 2019 $'000 |
|---|---|---|---|---|---|
| **Current:** | | | | | |
| Secured bank loans | 2021 | 183,608 | 231,880 | – | – |
| Unsecured bank loan | 2021 | 1,000 | – | – | – |
| Unsecured term notes | 2021 | 13,000 | – | 13,000 | – |
| | | 197,608 | 231,880 | 13,000 | – |
| **Non-current:** | | | | | |
| Secured bank loans | 2022 to 2040 | 1,470,872 | 1,428,214 | – | – |
| Unsecured bank loan | 2025 | 4,000 | – | – | – |
| Unsecured term notes | – | – | 13,000 | – | 13,000 |
| Unsecured term notes | 2022 | 25,250 | 25,250 | 25,250 | 25,250 |
| Unsecured term notes | 2022 | 100,000 | 100,000 | – | – |
| | | 1,600,122 | 1,566,464 | 25,250 | 38,250 |
| Total loans and borrowings | | 1,797,730 | 1,798,344 | 38,250 | 38,250 |

Secured bank loans

The Group's bank loans are denominated in Singapore Dollar, Malaysian Ringgit and US Dollar. For the year ended 31 December 2020, the bank loans bear interest at varying rates from 0.95% to 5.15% (2019: 2.32% to 5.15%) per annum.

The bank loans are secured by:

(a) legal mortgage on the school campus (Note 11), hotels (Note 11), precast yard (Note 11), investment properties (Note 12) and development properties (Note 18);
(b) assignment of sale and rental proceeds, present and future tenancy and sales agreements;
(c) assignment of construction contracts, performance bonds and fire insurance policies;
(d) subordination of shareholder's loan;
(e) fixed and floating charge on all the assets of the hotel;
(f) assignment of building agreements;
(g) assignment of dividends to be received;
(h) charge of bank accounts with the banker; and
(i) corporate guarantee from the Company.

## 21. LOANS AND BORROWINGS – *Continued*

Unsecured term notes

On 14 June 2016, the Company issued $120,000,000 of notes under the $500,000,000 Multicurrency Debt Issuance Programme (the "Programme"). These notes which are unsecured, bear interest at a fixed rate of 4.75% per annum, payable semi-annually in arrear and will mature in June 2021.

On 8 May 2017, the Company issued a Supplementary Deed of Covenant to increase the Programme limit from $500,000,000 to $750,000,000.

On 19 May 2017, the Company issued $125,000,000 of notes under the Programme. These notes which are unsecured, bear interest at a fixed rate of 4.90% per annum, payable semi-annually in arrear and will mature in May 2022.

On 11 December 2018, the Company redeemed $206,750,000 of the notes under the Programme.

On 15 March 2019, the Company's wholly-owned subsidiary, CES Treasury Pte. Ltd., issued $100,000,000 of notes under the Programme. These notes which are unsecured, bear interest at a fixed rate of 6.00% per annum, payable semi-annually in arrear and will mature in March 2022.

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

| | Loans and term notes | | Lease liabilities (Note 29) | |
|---|---|---|---|---|
| | 2020<br>$'000 | 2019<br>$'000 | 2020<br>$'000 | 2019<br>$'000 |
| At 1 January | 1,798,344 | 1,811,133 | 74,097 | 15,296 |
| Cash flows | 407 | (21,890) | (25,631) | (5,749) |
| Non-cash changes: | | | | |
| - New leases | – | – | 68,184 | 60,435 |
| - Accretion of interest | – | – | 4,045 | 1,507 |
| - Rent concession | – | – | (1,062) | – |
| - Acquisition of subsidiary | – | 9,823 | 37 | 3,129 |
| - Foreign exchange movement | (1,021) | (722) | (1,921) | (521) |
| At 31 December | 1,797,730 | 1,798,344 | 117,749 | 74,097 |

## 22. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | $'000 | $'000 | $'000 | $'000 |
| **Current:** | | | | |
| Trade payables | 60,213 | 61,911 | 159 | 99 |
| Other payables | 25,277 | 21,856 | 67 | – |
| Amounts due to subsidiaries, non-trade | – | – | 27,769 | 14,000 |
| Amount due to non-controlling interest, trade | 5,211 | 1,199 | – | – |
| Amount due to related parties, trade | 29 | – | – | – |
| Amount due to related parties, non-trade | 101 | – | – | – |
| GST payables | 1,059 | 2,759 | 50 | 153 |
| | 91,890 | 87,725 | 28,045 | 14,252 |
| **Non-current:** | | | | |
| Trade payables | 17,377 | 29,186 | – | – |
| Amounts due to subsidiaries, non-trade | – | – | 253,243 | 252,140 |
| Amount due to non-controlling interest, non-trade | 141,894 | 137,096 | – | – |
| | 159,271 | 166,282 | 253,243 | 252,140 |
| Trade and other payables (excluding GST payables) | 250,102 | 251,248 | 281,238 | 266,239 |
| Add: | | | | |
| - Other liabilities (excluding lease liabilities) (Note 23) | 117,890 | 93,608 | 1,635 | 3,593 |
| - Loans and borrowings (Note 21) | 1,797,730 | 1,798,344 | 38,250 | 38,250 |
| Total financial liabilities carried at amortised cost | 2,165,722 | 2,143,200 | 321,123 | 308,082 |

Trade payables includes $455,000 denominated in USD as at 31 December 2020.

Trade payables, amounts due to subsidiaries, non-trade, amount due to related parties and amount due to non-controlling interest, trade (current)

The amounts are non-interest bearing, except for amounts due to subsidiaries of $25,250,000 in 2020 (2019: $14,000,000) which bears interest from 0.05% to 2.10% (2019: 1.63% to 1.75%) per annum. These amounts are normally settled on 30 to 90 days terms.

Amounts due to subsidiaries, non-trade and amount due to non-controlling interest, non-trade (non-current)

The amounts are unsecured and bear interest from 1.08% to 6.30% (2019: 1.63% to 6.30%) per annum. The amounts are to be settled in cash.

**23. PROVISION AND OTHER LIABILITIES**

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Current:** | | | | |
| Accrued project costs and operating expenses | 110,785 | 87,530 | 1,635 | 3,593 |
| Provision for onerous contracts | 7,030 | 6,022 | – | – |
| Lease liabilities | 10,774 | 9,344 | 373 | 1,914 |
| | 128,589 | 102,896 | 2,008 | 5,507 |
| **Non-current:** | | | | |
| Accrued project costs and operating expenses | 75 | 56 | – | – |
| Lease liabilities | 106,975 | 64,753 | 293 | 667 |
| | 107,050 | 64,809 | 293 | 667 |
| Total provision and other liabilities | 235,639 | 167,705 | 2,301 | 6,174 |

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Movement in provision for onerous contracts: | | |
| At 1 January | 6,022 | 11,795 |
| Arose during the financial year | 7,163 | 1,000 |
| Acquisition of subsidiary | 355 | – |
| Utilised | (6,510) | (6,773) |
| At 31 December | 7,030 | 6,022 |

Provision for onerous contracts is made when it is assessed that the costs to fulfil the performance obligation is unavoidable for loss-making contracts. It is expected that these costs will be incurred in the next financial year.

## 24. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities as at 31 December relate to the following:

| | Group | | | | Company | |
|---|---|---|---|---|---|---|
| | Consolidated Balance Sheet | | Consolidated Income Statement | | Balance Sheet | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | $'000 | $'000 (restated) | $'000 | $'000 | $'000 | $'000 |
| **Deferred tax assets** | | | | | | |
| Unutilised tax losses | 5,672 | 7,761 | (1,444) | (1,805) | – | – |
| **Deferred tax liabilities** | | | | | | |
| Differences in depreciation for tax purpose | (5,357) | (5,490) | (135) | 1,367 | (16) | – |
| Fair value adjustments on acquisition of subsidiary | (3,312) | (3,637) | (325) | – | – | – |
| Deferred tax liabilities on development properties | (17,547) | (26,837) | 2,138 | 11,350 | – | – |
| | (26,216) | (35,964) | | | (16) | – |
| Deferred tax expenses | | | 234 | 10,912 | | |

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and allowances of approximately $96,334,000 (2019: $60,560,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses do not expire under current tax legislation.

## 25. SHARE CAPITAL AND TREASURY SHARES

### (a) Share capital

| | Group and Company | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | No. of shares '000 | $'000 | No. of shares '000 | $'000 |
| **Issued and fully paid ordinary shares** | | | | |
| At 1 January | 824,019 | 175,978 | 667,515 | 79,691 |
| Issuance of shares | – | – | 156,504 | 98,597 |
| Transaction costs on issuance of shares | – | – | – | (2,310) |
| At 31 December | 824,019 | 175,978 | 824,019 | 175,978 |

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

On 18 October 2019, the Company issued 156,503,515 ordinary shares pursuant to the Rights Issue approved by the Shareholders on 13 September 2019 at an exercise price of $0.63 per share.

**25. SHARE CAPITAL AND TREASURY SHARES – *Continued***

**(b) Treasury shares**

| | Group and Company | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | No. of shares '000 | $'000 | No. of shares '000 | $'000 |
| At 1 January | (41,501) | (30,034) | (41,501) | (30,034) |
| Reissued pursuant to Chip Eng Seng Performance Share Plan | 500 | 362 | – | – |
| Share buyback | (93) | (47) | – | – |
| At 31 December | (41,094) | (29,719) | (41,501) | (30,034) |

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

On 6 January 2020, the Company reissued 500,000 treasury shares at $0.625 per share upon vesting of shares granted pursuant to the Chip Eng Seng Performance Share Plan.

On 22 April 2020, the Company bought back 92,800 shares at $0.50 per share.

**26. OTHER RESERVES**

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| Foreign currency translation reserve | (a) | (5,850) | (14,891) | – | – |
| Capital reserve | (b) | 674 | 674 | – | – |
| Asset revaluation reserve | (c) | 2,789 | 2,611 | – | – |
| Treasury shares reserve | (d) | (917) | (868) | (917) | (868) |
| Share-based compensation reserve | (e) | 5,877 | 4,973 | 5,877 | 4,973 |
| Other reserve | (f) | (8,820) | (1,919) | – | – |
| | | (6,247) | (9,420) | 4,960 | 4,105 |

## 26. OTHER RESERVES – *Continued*

### (a) Foreign currency translation reserve

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

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| At 1 January | (14,891) | (12,453) |
| Net effect of exchange difference arising from translation of financial statements of foreign operations | 8,657 | (2,347) |
| Share of other comprehensive income of associates and joint ventures | 384 | (91) |
| At 31 December | (5,850) | (14,891) |

### (b) Capital reserve

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| At beginning and end of the year | 674 | 674 |

### (c) Asset revaluation reserve

This represents the Group's share in fair value reserve of leasehold land and building of an associate.

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| At 1 January | 2,611 | 2,611 |
| Share of other comprehensive income of an associate | 178 | – |
| At 31 December | 2,789 | 2,611 |

**26. OTHER RESERVES – *Continued***

**(d) Treasury shares reserve**

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

| | Group and Company | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| At 1 January | (868) | (868) |
| Treasury shares reissued pursuant to Chip Eng Seng Performance Share Plan | (49) | – |
| At 31 December | (917) | (868) |

**(e) Share-based compensation reserve**

Share-based compensation reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative fair value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

| | Group and Company | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| At 1 January | 4,973 | 4,261 |
| Fair value of employee services rendered during the year | 1,217 | 712 |
| Treasury shares reissued pursuant to employee share option scheme | (313) | – |
| At 31 December | 5,877 | 4,973 |

**(f) Other reserve**

Other reserve represents the difference between the change in carrying amount of non-controlling interest acquired and the fair value of the consideration paid.

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| At 1 January | (1,919) | – |
| Acquisition of non-controlling interest | (2,037) | (1,919) |
| Capital contribution to non-wholly owned subsidiary* | (4,864) | – |
| At 31 December | (8,820) | (1,919) |

*This arises as the non-controlling interests did not contribute its share of capital contribution.

## 27. EMPLOYEE BENEFITS EXPENSE

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| Employee benefits expense (including directors): | | |
| Salaries and bonuses | 75,459 | 60,190 |
| Central Provident Fund contributions | 7,314 | 7,406 |
| Share-based compensation expenses | 1,217 | 712 |
| Other short term benefits | 5,217 | 5,255 |
| | 89,207 | 73,563 |

***Chip Eng Seng Employee Share Option Scheme 2013***

The Chip Eng Seng Employee Share Option Scheme 2013 ("ESOS") was approved by the shareholders at the Extraordinary General Meeting of the Company held on 25 April 2013. Under the terms of the ESOS, options to subscribe for the Company's ordinary shares may be granted to employees (including executive directors) and non-executive directors of the Group and the associated companies over which the Company has control. The schemes are administered by the Remuneration Committee.

Options granted shall not exceed 15% of the total issued shares (excluding treasury shares) on the day immediately preceding the offer date of the ESOS. The exercise price of the granted options was determined based on the average of the last business done prices of the Company for five market days immediately preceding the date of grant of the option. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years for options granted at a discounted exercise price, and 1 year for options granted without discount. The share options expire in stages before the eighth anniversary from the date of grant.

On 3 June 2016, options were granted pursuant to the ESOS to an executive director of the Company to subscribe for 40,000,000 ordinary shares in the Company at the discounted exercise price of $0.55 per ordinary share.

On 9 April 2019, options were granted pursuant to the ESOS to two executive directors of the Company to subscribe for 15,000,000 ordinary shares in the Company at the discounted exercise price of $0.76 per ordinary share.

Movements in the number of unissued ordinary shares under the ESOS and their exercise prices are as follows:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Number of share options | Weighted average exercise price $ | Number of share options | Weighted average exercise price $ |
| Outstanding at 1 January | 50,000,000 | 0.61 | 35,000,000 | 0.55 |
| Granted during the year | – | – | 15,000,000 | 0.76 |
| Outstanding at 31 December | 50,000,000 | 0.61 | 50,000,000 | 0.61 |

The range of exercise prices for the options outstanding at the end of the year was $0.55 to $0.76 (2019: $0.55 to $0.76). The weighted average remaining contractual life of these options is 3.2 years (2019: 4.2 years).

Fair value of share options granted

The fair value of share options granted in 2019 was $0.123, estimated at date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The significant inputs into the model were share price of $0.80 at the date of grant, exercise price of $0.76, expected dividend yield of 5.00%, the expected weighted average life of 4 years and annual weighted average risk-free interest rate of 1.91%. The expected weighted average volatility of 23.87% based on historical volatility of the Company's share price over a period similar to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome.

There were no share options granted in 2020.

## 28. RELATED PARTY TRANSACTIONS

### (a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| Management and other fees from associates | 54 | 10 |
| Contract of services paid to a director of the Company | 605 | – |
| Sale of development property to a family member of a director of the Company | 1,202 | – |
| Rental of premise from director of a subsidiary | 98 | 98 |

### (b) Compensation of key management personnel

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| Short-term employee benefits | 8,102 | 7,070 |
| Central Provident Fund contributions | 230 | 103 |
| Share-based compensation expenses | 1,217 | 712 |
| Other short-term benefits | 175 | 116 |
| | 9,724 | 8,001 |
| Comprise amounts paid to: | | |
| - Directors of the Company | 3,867 | 4,733 |
| - Other key management personnel | 5,857 | 3,268 |
| | 9,724 | 8,001 |

### (c) Others

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| Interests on fixed rate notes paid/payable to directors/ key management personnel of the Company | 2,003 | 1,523 |

## 29. LEASES

### (a) Group as a lessee

The Group has entered into industrial property lease on a pre-cast yard, land lease for Maldivian lagoons and various commercial property leases. The leases generally have lease terms between 2 and 5 years (2019: 3 and 5 years) except for the leases for the lagoons which have lease term of 45 to 46 years (2019: 45 years). Generally, the Group is restricted from subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less and lease of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

| | Leasehold land<br>$'000 | Leasehold buildings<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| **Group** | | | |
| As at 1 January 2020 | 10,275 | 61,332 | 71,607 |
| Acquisition of subsidiary | – | 37 | 37 |
| Additions | 33,390 | 34,794 | 68,184 |
| Exchange differences | (1,481) | (645) | (2,126) |
| Depreciation expense | (954) | (15,196) | (16,150) |
| Impairment loss | – | (413) | (413) |
| As at 31 December 2020 | 41,230 | 79,909 | 121,139 |
| As at 1 January 2019 | 10,644 | 4,652 | 15,296 |
| Acquisition of subsidiary | – | 3,071 | 3,071 |
| Additions | – | 60,435 | 60,435 |
| Exchange differences | (131) | (382) | (513) |
| Depreciation expense | (238) | (6,444) | (6,682) |
| As at 31 December 2019 | 10,275 | 61,332 | 71,607 |

## 29. LEASES – *Continued*

### (a) Group as a lessee – *Continued*

Set out below are the carrying amounts of liabilities (included under other liabilities) and the movement during the period:

| | Group | |
|---|---|---|
| | 2020 $'000 | 2019 $'000 |
| As at beginning of the year | 74,097 | 15,296 |
| Acquisition of subsidiary | 37 | 3,129 |
| Additions | 68,184 | 60,435 |
| Exchange differences | (1,921) | (521) |
| Accretion of interest | 4,045 | 1,507 |
| Rent concessions | (1,062) | – |
| Payments | (25,631) | (5,749) |
| As at end of the year | 117,749 | 74,097 |
| Current (Note 23) | 10,774 | 9,344 |
| Non-current (Note 23) | 106,975 | 64,753 |

The maturity analysis of lease liabilities are disclosed in Note 32(b).

The following are the amounts recognised in income statement:

| | Group | |
|---|---|---|
| | 2020 $'000 | 2019 $'000 |
| Depreciation expense of right-of-use assets | 16,150 | 6,682 |
| Interest expenses on lease liabilities | 3,408 | 1,507 |
| Expenses relating to short-term leases (included in administrative expenses) | 95 | 132 |
| Expenses relating to leases of low-value assets (included in administrative expenses) | 127 | 21 |
| Variable lease payments (included in administrative expenses) | 92 | 84 |
| Total amount recognised in income statement | 19,872 | 8,426 |

The Group had total cash outflows for leases of $25,945,000 in 2020 (2019: $6,077,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of $68,184,000 in 2020 (2019: $60,435,000). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 36.

## 29. LEASES – *Continued*

### (a) Group as a lessee – *Continued*

The Group has lease contract that contains variable payments pertaining to the reimbursement of operating costs incurred by the lessor. The Group's variable lease payments constituted less than 1% (2019: 2%) of the Group's fixed rent payments.

The Group has several lease contracts that include termination and extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercise significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3.1).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

| | Group | | |
|---|---|---|---|
| | **Within five years $'000** | **Over five years $'000** | **Total $'000** |
| **2020** | | | |
| Extension options expected not to be exercised | 7,546 | 126,516 | 134,062 |
| **2019** | | | |
| Extension options expected not to be exercised | 7,888 | 50,543 | 58,431 |
| Termination options expected to be exercised | 319 | – | 319 |
| | 8,207 | 50,543 | 58,750 |

### (b) Group as a lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. Most leases have fixed rental with annual upward adjustments agreed upfront or determined by consumer price index. Certain longer term leases provide for market rent adjustments.

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

| | **2020 $'000** | **2019 $'000** |
|---|---|---|
| Not later than one year | 4,539 | 5,853 |
| Later than one year but not later than five years | 5,206 | 7,137 |
| Later than five years | – | 131 |
| | 9,745 | 13,121 |

## 30. CONTINGENT LIABILITIES

Guarantees

The Company has guaranteed the banking facilities and performance bonds of $2,089,845,000 (2019: $2,608,347,000) and $53,902,000 (2019: $51,240,000) granted to its subsidiaries and joint venture respectively. At 31 December 2020, the amounts utilised by subsidiaries and joint venture were $1,707,872,000 (2019: $1,624,022,000) and $53,902,000 (2019: $51,240,000) respectively.

Based on information currently available, the Company does not expect any liabilities to arise from the guarantees.

## 31. FAIR VALUE OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

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

### (b) Assets and liabilities measured at fair value

No financial assets were measured at fair value as at 31 December 2020 and 31 December 2019.

| | Fair value measurements at the end of the reporting period using | | | |
|---|---|---|---|---|
| **Group** | **Quoted prices in active markets for identical instruments (Level 1)** | **Significant observable inputs other than quoted prices (Level 2)** | **Significant unobservable inputs (Level 3)** | **Total** |
| **31 December 2020** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Non-financial assets:** | | | | |
| Investment properties (Note 12) | | | | |
| *Commercial properties* | – | – | 296,759 | 296,759 |
| **31 December 2019** | | | | |
| Investment properties (Note 12) | | | | |
| *Commercial properties* | – | – | 305,528 | 305,528 |

## 31. FAIR VALUE OF ASSETS AND LIABILITIES – *Continued*

### (c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

| Description | Fair value at 31 December 2020 $'000 | Valuation techniques | Unobservable inputs | Range | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|---|---|
| **Recurring fair value measurements** | | | | | |
| **Investment properties:** | | | | | |
| Commercial properties in Singapore and Australia | 296,759 | Market comparable approach | Transacted price of comparable properties (psf) | $255 - $4,223 | The estimated fair value increases with higher transacted price of comparable properties |
| | | Capitalisation approach | Capitalisation rate | 7.25% | The estimated fair value varies inversely against the capitalisation rate, discount rate and terminal yield rate |
| | | Discounted cash flow approach | Discount rate | 7.50% | |
| | | | Terminal yield rate | 7.25% | |
| | | Residual land value method | Gross development value | $2,420 psf | The estimated fair value increases with higher gross development value and decreases with higher estimated development cost |
| | | | Estimated development cost | $333 psf | |

## 31. FAIR VALUE OF ASSETS AND LIABILITIES – *Continued*

### (c) Level 3 fair value measurements – *Continued*

(i) Information about significant unobservable inputs used in Level 3 fair value measurements – *Continued*

| Description | Fair value at 31 December 2019 $'000 | Valuation techniques | Unobservable inputs | Range | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|---|---|
| **Recurring fair value measurements** | | | | | |
| **Investment properties:** | | | | | |
| Commercial properties in Singapore and Australia | 305,528 | Market comparable approach | Transacted price of comparable properties (psf) | $255 - $6,923 | The estimated fair value increases with higher transacted price of comparable properties |
| | | Capitalisation approach | Capitalisation rate | 7.25% | The estimated fair value varies inversely against the capitalisation rate, discount rate and terminal yield rate |
| | | Discounted cash flow approach | Discount rate | 7.50% | |
| | | | Terminal yield rate | 7.25% | |
| | | Residual land value method | Gross development value | $2,500 psf | The estimated fair value increases with higher gross development value and decreases with higher estimated development cost |
| | | | Estimated development cost | $234 psf | |

(ii) Movements in Level 3 assets measured at fair value

A reconciliation of the movements in Level 3 assets measured at fair value is presented in Note 12.

(iii) Valuation policies and procedures

The Group revalues its investment property portfolio on an annual basis. The fair values of investment properties are determined by external independent valuers who have appropriate recognised professional qualifications and experience in the location and category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

### (a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued*

### (a) Credit risk – *Continued*

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

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

– There is significant difficulty of the issuer or the borrower
– A breach of contract, such as a default or past due event
– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
– There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

<u>Trade receivables</u>

The Group provides for lifetime expected credit losses for all trade receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix:

| 31 December 2020 | Current | 1 to 30 days past due | 31 to 60 days past due | 61 to 90 days past due | More than 90 days past due | Total |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Contract assets | 329,211 | – | – | – | – | 329,211 |
| Gross carrying amount | 5,729 | 17,046 | 6,200 | 1,839 | 16,370 | 47,184 |
| Loss allowance provision | – | (19) | – | (22) | (120) | (161) |

| 31 December 2019 | Current | 1 to 30 days past due | 31 to 60 days past due | 61 to 90 days past due | More than 90 days past due | Total |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Contract assets | 411,325 | – | – | – | – | 411,325 |
| Gross carrying amount | 27,989 | 2,575 | 1,779 | 523 | 1,361 | 34,227 |
| Loss allowance provision | – | – | (1) | – | (129) | (130) |

Information regarding loss allowance movement of trade receivables are disclosed in Note 17.

During the financial year, the Group has written-off $132,000 (2019: $2,437,000) of trade receivables which are more than 120 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued*

### (a) Credit risk – *Continued*

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- corporate guarantee provided by the Company for banking facilities granted to subsidiaries and joint venture (Note 30).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables and contract assets on an on-going basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the end of the reporting period is as follows:

| | Group | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | $'000 | % of total | $'000 | % of total |
| **By country:** | | | | |
| Singapore | 696,933 | 100 | 533,883 | 100 |
| Other countries | 1,272 | # | 631 | # |
| | 698,205 | 100 | 534,514 | 100 |
| **By industry sector:** | | | | |
| Construction | 72,697 | 10 | 43,861 | 9 |
| Property development | 618,595 | 89 | 487,403 | 91 |
| Hospitality | 4,621 | 1 | 1,470 | # |
| Education | 2,286 | # | 1,751 | # |
| Property investment and others | 6 | # | 29 | # |
| | 698,205 | 100 | 534,514 | 100 |

\# Less than 1%

At the end of the reporting period, approximately 5% (2019: 22%) of the Group's trade receivables were due from 3 major customers who are located in Singapore.

### (b) Liquidity risk

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

At the end of the reporting period, approximately 11% (2019: 13%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturity within twelve months can be rolled over with existing lenders.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued*

### (b) Liquidity risk – *Continued*

**Analysis of financial liabilities by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

| | Group | | | |
|---|---|---|---|---|
| | One year or less $'000 | One to five years $'000 | Over five years $'000 | Total $'000 |
| **31 December 2020** | | | | |
| Trade and other payables | 92,025 | 160,267 | – | 252,292 |
| Lease liabilities | 13,773 | 58,829 | 87,061 | 159,663 |
| Other liabilities (excluding lease liabilities) | 117,815 | 75 | – | 117,890 |
| Loans and borrowings | 223,709 | 1,351,977 | 348,549 | 1,924,235 |
| Total undiscounted financial liabilities | 447,322 | 1,571,148 | 435,610 | 2,454,080 |
| **31 December 2019** | | | | |
| Trade and other payables | 90,959 | 177,587 | – | 268,546 |
| Lease liabilities | 12,273 | 40,110 | 43,497 | 95,880 |
| Other liabilities (excluding lease liabilities) | 93,552 | 56 | – | 93,608 |
| Loans and borrowings | 283,326 | 1,479,989 | 234,511 | 1,997,826 |
| Total undiscounted financial liabilities | 480,110 | 1,697,742 | 278,008 | 2,455,860 |

| | Company | | | |
|---|---|---|---|---|
| | One year or less $'000 | One to five years $'000 | Over five years $'000 | Total $'000 |
| **31 December 2020** | | | | |
| Trade and other payables | 37,415 | 256,083 | – | 293,498 |
| Lease liabilities | 389 | 300 | – | 689 |
| Other liabilities (excluding lease liabilities) | 1,635 | – | – | 1,635 |
| Loans and borrowings | 14,518 | 25,725 | – | 40,243 |
| Total undiscounted financial liabilities | 53,957 | 282,108 | – | 336,065 |
| **31 December 2019** | | | | |
| Trade and other payables | 25,024 | 265,529 | – | 290,553 |
| Lease liabilities | 1,968 | 594 | – | 2,562 |
| Other liabilities (excluding lease liabilities) | 3,593 | – | – | 3,593 |
| Loans and borrowings | 1,855 | 40,243 | – | 42,098 |
| Total undiscounted financial liabilities | 32,440 | 306,366 | – | 338,806 |

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued*

### (b) Liquidity risk – *Continued*

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

| | Company | | | |
|---|---|---|---|---|
| | **One year or less** | **One to five years** | **Over five years** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **31 December 2020** | | | | |
| Financial guarantees | 247,944 | 1,200,867 | 312,963 | 1,761,774 |
| **31 December 2019** | | | | |
| Financial guarantees | 320,165 | 1,173,565 | 181,532 | 1,675,262 |

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to subsidiaries (Note 17).

The interest rate for loan and borrowings are based on floating rate except for the term notes and term loans amounting to $138 million (2019: $138 million) and $20 million respectively which are based on fixed rate (Note 21).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 basis points ('bps') (2019: 75 bps) lower/higher with all other variables held constant, the Group's profit before tax would have been $12,296,000 (2019: $12,451,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

### (d) Foreign currency risk

The functional currencies of the Group entities primarily comprise the Singapore Dollar ("SGD"), US Dollar ("USD"), Australian Dollar ("AUD"), Vietnamese Dong ("VND") and Malaysian Ringgit ("MYR"). All the sales and cost of sales are in their respective functional currencies of the Group entities.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in AUD and USD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, New Zealand, Vietnam, Maldives, Malaysia and China. The Group's net investments in foreign operations are not hedged as currency positions in the foreign operations are considered to be long-term in nature.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued*

### (d) Foreign currency risk – *Continued*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the NZD, USD and VND exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

| | **Group** | |
|---|---|---|
| | **(Loss)/Profit before tax** | |
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| NZD | | |
| - strengthened 3% (2019: 3%) | 885 | 841 |
| - weakened 3% (2019: 3%) | (885) | (841) |
| USD | | |
| - strengthened 3% (2019: 3%) | 294 | 636 |
| - weakened 3% (2019: 3%) | (294) | (636) |
| VND | | |
| - strengthened 3% (2019: 3%) | 272 | 272 |
| - weakened 3% (2019: 3%) | (272) | (272) |

## 33. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.

Management monitors capital based on the net debt-equity ratio, which is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents, and total capital is calculated as equity including non-controlling interests in subsidiaries.

## 33. CAPITAL MANAGEMENT – *Continued*

| | Group 2020 $'000 | Group 2019 $'000 |
|---|---|---|
| Loans and borrowings (Note 21) | 1,797,730 | 1,798,344 |
| Less: | | |
| Cash and short-term deposits (Note 20) | (374,040) | (378,487) |
| Net debt | 1,423,690 | 1,419,857 |
| Total equity | 817,285 | 947,271 |
| **Net debt-equity ratio (times)** | 1.74 | 1.50 |

## 34. SEGMENT INFORMATION

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

(a) The construction segment is in the business of general building, infrastructure and civil engineering contractors.

(b) The property development segment is in the business of developing properties and management of development projects.

(c) The property investment segment is in the business of leasing and management of investment properties.

(d) The hospitality segment is in the business of hotel operations.

(e) The education segment is in the business of providing education services.

(f) The corporate and others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities (if any).

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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

**34. SEGMENT INFORMATION – *Continued***

| Year ended 31 December 2020 | Construction $'000 | Property development $'000 |
|---|---|---|
| **Revenue:** | | |
| Total segment sales | 189,182 | 472,090 |
| Intersegment sales | (44,590) | (7,921) |
| Sales to external customers | 144,592 | 464,169 |
| Interest income | 1,281 | 656 |
| Finance costs | (560) | (23,303) |
| Depreciation and amortisation | (8,824) | (368) |
| Share of results of associates and joint ventures | – | (142) |
| Net fair value loss on investment properties | – | – |
| Other non-cash items: | | |
| Share-based compensation expenses | – | – |
| Provision for onerous contract | (7,163) | – |
| Impairment on property, plant and equipment and intangible assets | (2,040) | – |
| Fair value loss on investment security | – | – |
| Segment (loss)/profit | (35,010) | 15,898 |
| **Assets and liabilities:** | | |
| Investments in joint ventures and associates | 252 | 220 |
| Additions to non-current assets: | | |
| Property, plant and equipment | 31,545 | 5 |
| Investment properties | – | – |
| Intangible assets | 4,434 | – |
| Segment assets | 267,085 | 1,980,303 |
| Segment liabilities | 205,197 | 1,618,266 |

| Property investment $'000 | Hospitality $'000 | Education $'000 | Corporate and others $'000 | Total $'000 |
|---|---|---|---|---|
| 8,152 | 35,733 | 29,962 | 7,459 | 742,578 |
| (2,861) | (1,099) | (4,024) | (7,450) | (67,945) |
| 5,291 | 34,634 | 25,938 | 9 | 674,633 |
| 8 | 27 | 276 | 184 | 2,432 |
| (3,985) | (4,579) | (5,202) | (1,741) | (39,370) |
| (187) | (11,446) | (18,372) | (704) | (39,901) |
| 4,650 | – | (6,209) | 221 | (1,480) |
| (11,043) | – | – | – | (11,043) |
| – | – | – | (1,217) | (1,217) |
| – | – | – | – | (7,163) |
| – | (3,264) | – | – | (5,304) |
| – | – | (2,347) | – | (2,347) |
| (6,185) | (11,531) | (40,554) | (19) | (77,401) |
| 11,819 | – | 20,854 | 6,128 | 39,273 |
| 8 | 38,255 | 49,509 | 714 | 120,036 |
| 911 | – | – | – | 911 |
| – | – | – | – | 4,434 |
| 354,320 | 368,378 | 216,483 | 13,842 | 3,200,411 |
| 138,883 | 223,211 | 163,218 | 34,351 | 2,383,126 |

## 34. SEGMENT INFORMATION – *Continued*

| **Year ended 31 December 2019** | **Construction $'000** | **Property development $'000** |
|---|---|---|
| **Revenue:** | | |
| Total segment sales | 261,411 | 801,086 |
| Intersegment sales | (97,006) | (9,135) |
| Sales to external customers | 164,405 | 791,951 |
| Interest income | 901 | 4,786 |
| Finance costs | (422) | (43,428) |
| Depreciation and amortisation | (3,615) | (506) |
| Share of results of associates and joint ventures | – | 159 |
| Net fair value gain on investment properties | – | – |
| Other non-cash items: | | |
| Share-based compensation expenses | – | – |
| Provision for onerous contract | (1,000) | – |
| Impairment on property, plant and equipment and intangible assets | – | – |
| Segment profit/(loss) | 26 | 55,742 |
| **Assets and liabilities:** | | |
| Investments in joint ventures and associates | – | 353 |
| Additions to non-current assets: | | |
| Property, plant and equipment | 9,550 | 692 |
| Intangible assets (restated) | 16,469 | – |
| Segment assets (restated) | 214,784 | 2,089,995 |
| Segment liabilities (restated) | 150,287 | 1,662,981 |

| Property investment $'000 | Hospitality $'000 | Education $'000 | Corporate and others $'000 | Total $'000 |
|---|---|---|---|---|
| 9,826 | 80,126 | 15,902 | 6,555 | 1,174,906 |
| (2,545) | (1,945) | (2,091) | (6,545) | (119,267) |
| 7,281 | 78,181 | 13,811 | 10 | 1,055,639 |
| 50 | 39 | 280 | 864 | 6,920 |
| (4,911) | (6,500) | (2,176) | (1,453) | (58,890) |
| (199) | (13,167) | (7,540) | (599) | (25,626) |
| 3,152 | – | 912 | 386 | 4,609 |
| 2,766 | – | – | – | 2,766 |
| – | – | – | (712) | (712) |
| – | – | – | – | (1,000) |
| (315) | (4,268) | – | – | (4,583) |
| 6,429 | 1,616 | (15,563) | (4,193) | 44,057 |
| 6,538 | – | 20,149 | 5,731 | 32,771 |
| – | 16,711 | 106,822 | 1,016 | 134,791 |
| – | – | 15,768 | – | 32,237 |
| 357,116 | 348,502 | 177,562 | 67,162 | 3,255,121 |
| 139,514 | 202,958 | 115,339 | 36,771 | 2,307,850 |

## 34. SEGMENT INFORMATION – *Continued*

**Geographical information**

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

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | $'000 | $'000 | $'000 | $'000 (restated) |
| Singapore | 649,186 | 996,894 | 608,881 | 578,178 |
| Australia | 7,131 | 23,983 | 58,660 | 64,477 |
| Maldives | 11,715 | 33,866 | 118,770 | 91,586 |
| Malaysia | 5,151 | 896 | 35,069 | 34,675 |
| Hong Kong | 1,351 | – | 49,714 | 51,580 |
| Others | 99 | – | 11,240 | 44 |
| | 674,633 | 1,055,639 | 882,334 | 820,540 |

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

Information about a major customer

During the financial year ended 31 December 2020, no revenue from transactions with a single customer contributed to 10% or more to the Group's revenue. In 2019, revenue from one major customer from the construction segment amounted to $141,716,000.

## 35. DIVIDENDS

| | Company | |
|---|---|---|
| | 2020 | 2019 |
| | $'000 | $'000 |
| **Declared and paid during the financial year:** | | |
| *Dividends on ordinary shares:* | | |
| - First and final tax-exempt (one-tier) dividend for 2019: 4.0 cents (2018: 4.0 cents) per share | 31,317 | 25,041 |
| **Proposed but not recognised as a liability as at 31 December:** | | |
| *Dividends on ordinary shares, subject to shareholders' approval at the AGM:* | | |
| - First and final tax-exempt (one-tier) dividend for 2020: 2.0 cents (2019: 4.0 cents) per share | 15,568 | 31,301 |

The proposed dividends are computed based on the number of issued ordinary shares (excluding treasury shares) as at 31 December.

## 36. COMMITMENTS

Committed lease contracts

The Group has not entered into lease contract that has not yet commenced as at 31 December 2020. In 2019, the future lease payments for non-cancellable lease contract are $775,000 within 1 year, $11,829,000 within 2 to 5 years and $18,600,000 thereafter.

Loan agreement entered into with Duowei

On 17 March 2020, the Group's subsidiary, CES Education (China) Pte. Ltd., had entered into a loan agreement with Dongguan Duowei Education Technology Co., Ltd. ("Duowei") for the provision of a S$4.9 million loan to Duowei. The disbursement of the loan is subject to fulfilment of certain conditions in the loan agreement. The provision of the loan is part of a larger potential investment which the Company is currently exploring with Duowei. Duowei has a 10-year track record in operating in a business of owning and operating tuition centres in Dongguan.

## 37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Disposal of a development property

On 18 December 2020, the Company's subsidiary, CES Gladstone (Vic) Pty Ltd, had entered into an agreement to sell its development property located at 15-55 and 85 Gladstone Street, South Melbourne, Victoria, 3205 to a non-related party at a consideration of A$65,000,000, subject to customary adjustment on completion. The transaction was completed on 31 March 2021.

Further investment in Cybint International Pte. Ltd. ("CIPL")

On 4 February 2021, the Company's subsidiary, CES Edutech Pte. Ltd. had subscribed for additional 1,990,000 ordinary shares in the capital of CIPL for a consideration of approximately US$2.3 million, resulting in its interest in CIPL to increase from 33.33% to 41.14%.

## 38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 5 April 2021.

# STATISTICS OF SHAREHOLDINGS

As at 17 March 2021

### SHARE CAPITAL

| | | |
|---|---|---|
| Issued and fully paid-up capital | : | $175,978,397.79 |
| No. of Issued Shares | : | 824,018,676 |
| No. of Issued Shares (excluding Treasury Shares) | : | 783,424,776 |
| No./Percentage of Treasury Shares | : | 40,593,900 (5.18%*) |
| Class of Shares | : | Ordinary share |
| Voting Rights (excluding Treasury Shares) | : | One vote for each share |

* Percentage is calculated based on the total numbers of issued shares, excluding treasury shares.

The Company does not hold any subsidiary holdings.

### DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 - 99 | 21 | 0.27 | 428 | 0.00 |
| 100 - 1,000 | 476 | 6.20 | 423,893 | 0.06 |
| 1,001 - 10,000 | 3,666 | 47.72 | 21,644,952 | 2.76 |
| 10,001-1,000,000 | 3,487 | 45.39 | 197,203,439 | 25.17 |
| 1,000,001 and above | 32 | 0.42 | 564,152,064 | 72.01 |
| **TOTAL** | **7,682** | **100.00** | **783,424,776** | **100.00** |

| Substantial Shareholders | Direct Interest | % | Deemed Interest | % |
|---|---|---|---|---|
| Celine Tang(1) | 284,454,903 | 36.31 | - | - |
| Gordon Tang(1) | 284,454,903 | 36.31 | - | - |

**Note:**

(1) Celine Tang and Gordon Tang are jointly holding 284,454,903 shares.

### TWENTY LARGEST SHAREHOLDERS

| NO. | NAME OF SHAREHOLDERS | NO. OF SHARES | % |
|---|---|---|---|
| 1 | DBS NOMINEES (PRIVATE) LIMITED | 323,006,128 | 41.23 |
| 2 | RAFFLES NOMINEES (PTE.) LIMITED | 31,228,207 | 3.99 |
| 3 | CITIBANK NOMINEES SINGAPORE PTE LTD | 29,597,094 | 3.78 |
| 4 | MAYBANK KIM ENG SECURITIES PTE. LTD. | 20,480,375 | 2.61 |
| 5 | LIM LING KWEE | 17,100,625 | 2.18 |
| 6 | HSBC (SINGAPORE) NOMINEES PTE LTD | 14,279,550 | 1.82 |
| 7 | KENYON PTE LTD | 14,044,625 | 1.79 |
| 8 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 13,132,530 | 1.68 |
| 9 | LIM SOCK JOO | 12,127,500 | 1.55 |
| 10 | TAN KOK SING | 11,655,500 | 1.49 |
| 11 | OCBC SECURITIES PRIVATE LIMITED | 11,022,550 | 1.41 |
| 12 | PHILLIP SECURITIES PTE LTD | 10,809,251 | 1.38 |
| 13 | UOB KAY HIAN PRIVATE LIMITED | 7,696,650 | 0.98 |
| 14 | SIMMIC INVESTMENTS PTE LTD | 5,367,700 | 0.69 |
| 15 | HAI SIA SEAFOOD PTE LTD | 4,976,200 | 0.64 |
| 16 | SIM YOK KEE @SIM GUEK HIANG | 4,530,000 | 0.58 |
| 17 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 3,948,604 | 0.50 |
| 18 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 3,036,775 | 0.39 |
| 19 | LIM GUAN PHENG | 2,800,000 | 0.36 |
| 20 | EST OF HIN HOO SING, DEC'D | 2,688,000 | 0.34 |
| | **TOTAL** | **543,527,864** | **69.39** |

### PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Approximately 60.21% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

# NOTES

Chai Wan Campus, Invictus Hong Kong

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

171 Chin Swee Road #12-01 CES Centre Singapore 169877
T +65 6801 0088 | F +65 6801 0038 | E enquiry@chipengseng.com.sg

www.chipengseng.com.sg

Co. Reg. No. 199805196H