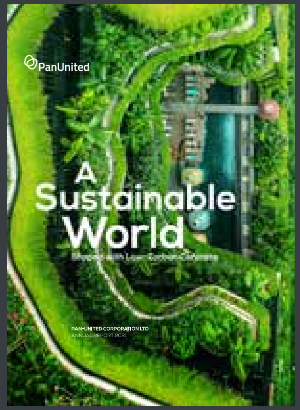
PanUnited

A Sustainable World

Shaped with Low-Carbon Concrete

PAN-UNITED CORPORATION LTD
ANNUAL REPORT 2021

Contents



COVER

PARKROYAL COLLECTION
Pickering, Singapore

Pan-United provided sustainable self-compacting concrete (SCC) to the Parkroyal on Pickering hotel project in 2013. It was one of our earliest projects to use sustainable concrete.

PanUnited

Pan-United Corporation Ltd (Pan-United) is an Asia-based technology company catalysing change in the concrete and logistics space. Listed on the SGX Mainboard (SGX: P52), we are at the global forefront of sustainable concrete technology.

Through extensive R&D, Pan-United has created over 300 highly specialised low-carbon concrete solutions for all built environment needs. These solutions are often developed in collaboration with our customers to their unique present and future specifications. Pan-United takes pride in making concrete greener and stronger to decarbonise cities. We are continually working to lower our carbon footprint and to ensure a safer world for future generations.

Mission
Sustaining Smart Cities for Tomorrow

Vision
To be a technology company in the concrete and logistics space

Sustainability Goals

In 2022, Pan-United declared its sustainability goals to play its part in the decarbonisation of the built environment industry.

To offer only low-carbon concrete* **by 2030**

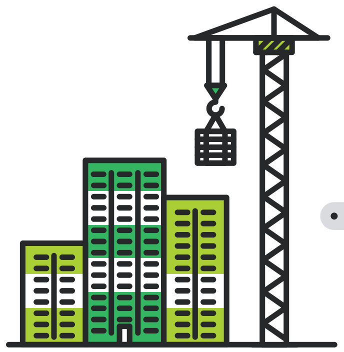
To offer carbon-neutral concrete products **by 2040**

To become a carbon-neutral ready-mix concrete company **by 2050**

*More than 50% reduction in embodied carbon compared to 2005 levels

Our Embodied Carbon Dream

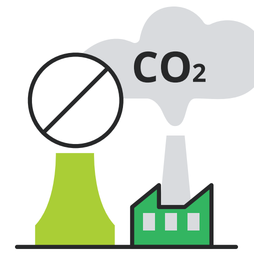
Singapore Concrete Consumption 2021#



Total Volume
11.60 million cubic metres

Carbon Saving of
270 KG CO_2
per cubic metre

If PanU Low-Carbon Concrete ## is used



Potential
3.13
million tonnes
CO_2 Reduction

Savings Equivalent to
6%
of Singapore's CO_2 Emissions####

Equivalent to
>51
million
trees planted###

If Singapore could use entirely low-carbon concrete to supply all of its built environment needs...

Based on the 2021 concrete consumption of 11.60 million cubic metres (m^3), Singapore would save embodied carbon equivalent to 270 kg of carbon dioxide (CO_2) per cubic metre of low-carbon concrete used. This is a total reduction of 3.13 million tonnes of CO_2, or 6 percent of the country's CO_2 emissions.

The carbon saving also amounts to planting more than 51 million trees.

Sources:
 # Singapore Concrete Consumption Volume:
BCA Construction Prospects 2022

Carbon Saving of Low-Carbon Concrete:
Calculated using carbon emissions factor from the Inventory of Carbon & Energy Database (ICE)
https://circularecology.com/embodied-carbon-footprint-database.html

Greenhouse Gas Emissions Equivalencies Calculator:
https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

Singapore's 2019 CO2 Emissions:
National Climate Change Secretariat
https://www.nccs.gov.sg/singapores-climate-action/singapore-emissions-profile/

Embodied Carbon VS Operational Carbon In The Built Environment

As the world works towards reducing carbon emissions, the built environment industry has come under the spotlight for its considerable impact on global warming.

The World Green Building Council (WGBC) reports that constructing and operating buildings alone make up 40 percent of carbon emissions by the built environment. Decarbonisation of the global building industry is seen as one of the most cost-effective ways to mitigate climate change.

In reducing carbon emissions, the emphasis on reducing operational carbon has often overshadowed an equally important need to reduce embodied carbon.

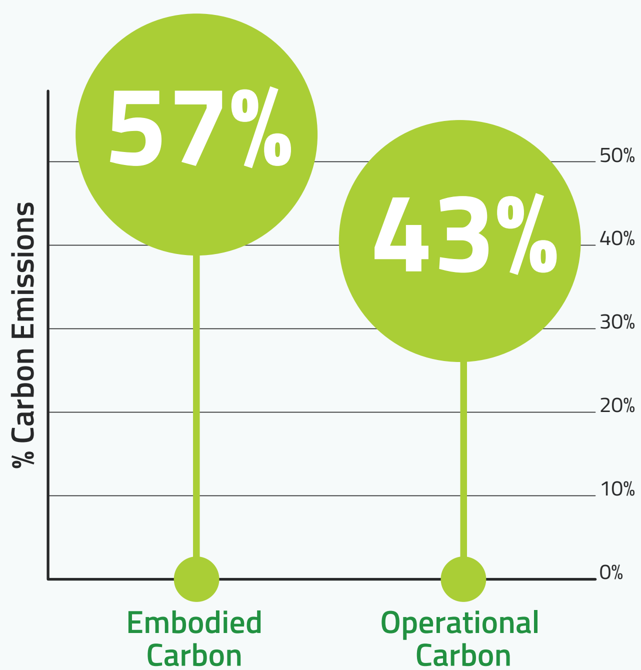
Operational carbon refers to carbon emissions associated with building energy consumption when a building becomes operational, and can be reduced over the life of the building.

Embodied carbon refers to carbon emissions associated with the extraction, manufacture, transport and installation of building materials onsite during the construction stage. Embodied carbon is locked in as soon as the building is completed and it would be impossible to reduce embodied carbon after that. In Singapore, the generally shorter lifespans of buildings due to urban renewal raises the amount of embodied carbon emissions even more.

It is important to note that once a building is completed, further savings in embodied carbon are no longer possible until the building is demolished many years later, if it is ever planned for demolition.

Architecture 2030, Why the Building Sector? reports on the sizeable potential of using embodied carbon as a powerful tool to mitigate climate change. Embodied carbon is reported to comprise 57 percent of total carbon emissions of global new construction in the two decades from 2020 to 2040, while 43 percent constitutes operational carbon.

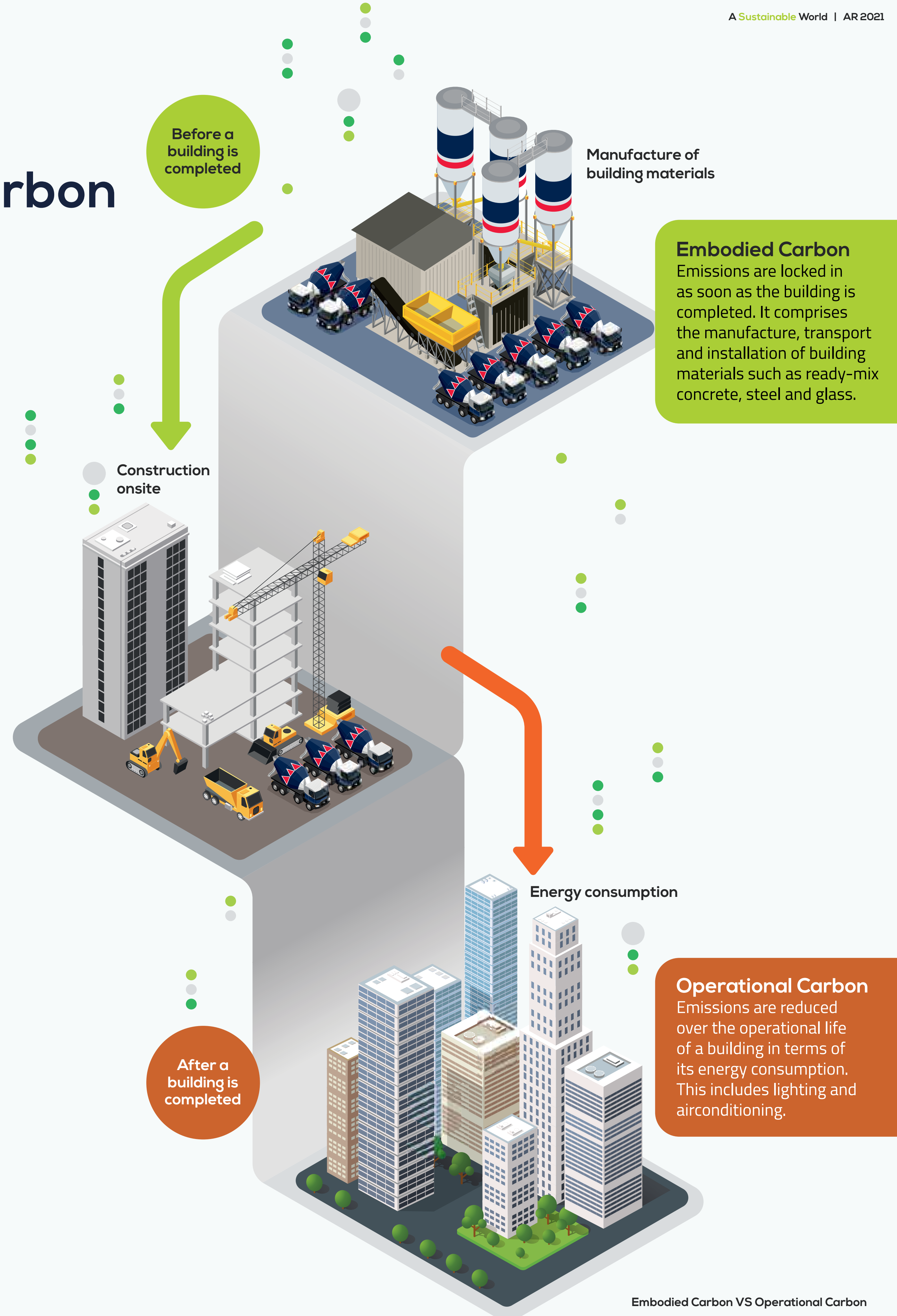
The embodied carbon path presents untapped opportunities for the built environment industry to considerably reduce carbon emissions at the construction stage. Building owners can plan during the design stage to reduce their embodied carbon upfront by choosing low-carbon concrete for building superstructures and substructures.



Total Carbon Emissions Of Global New Construction From 2020 - 2040

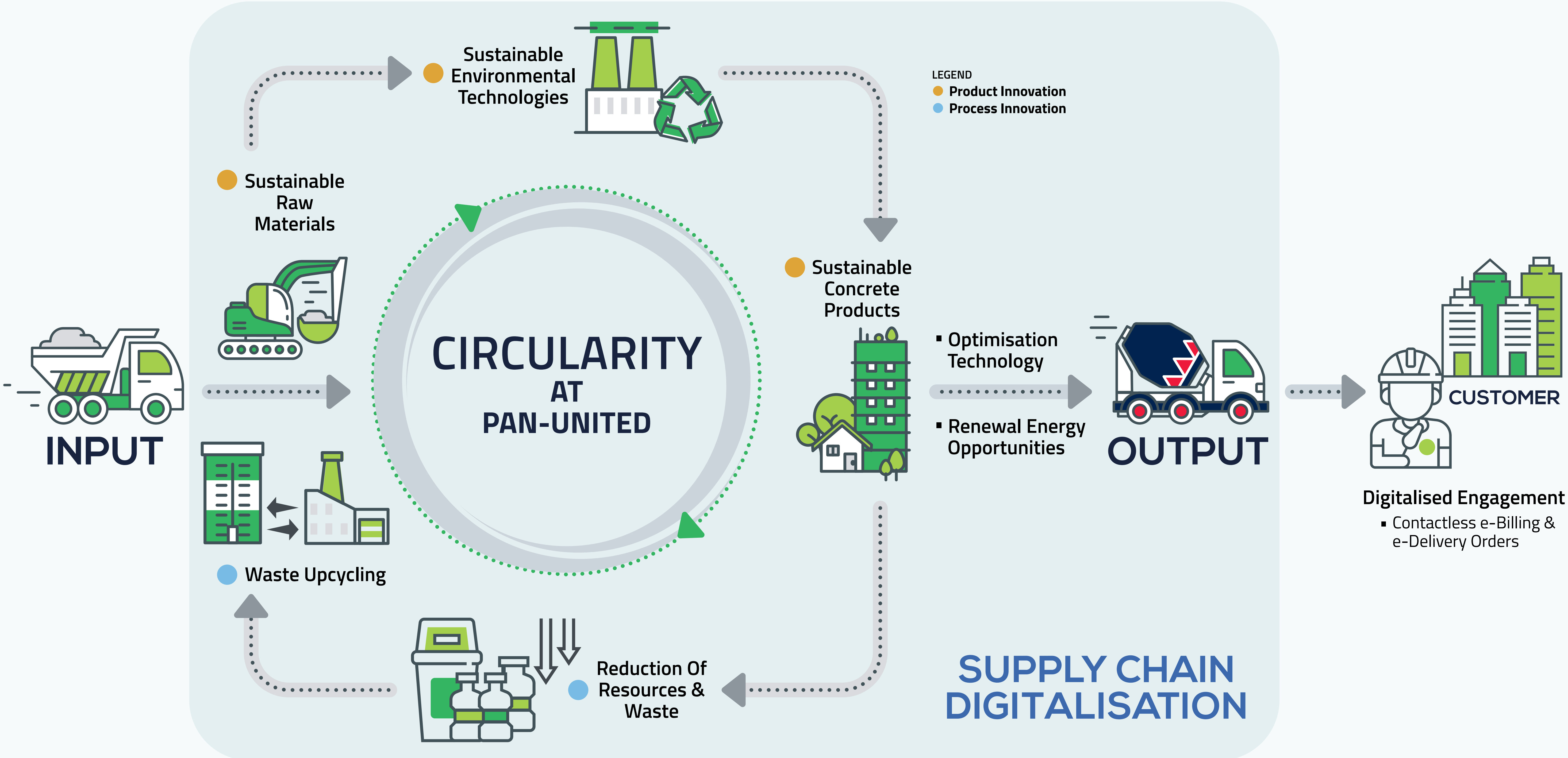
(Business as Usual Projection)

Source: Architecture 2030, Why the Building Sector?



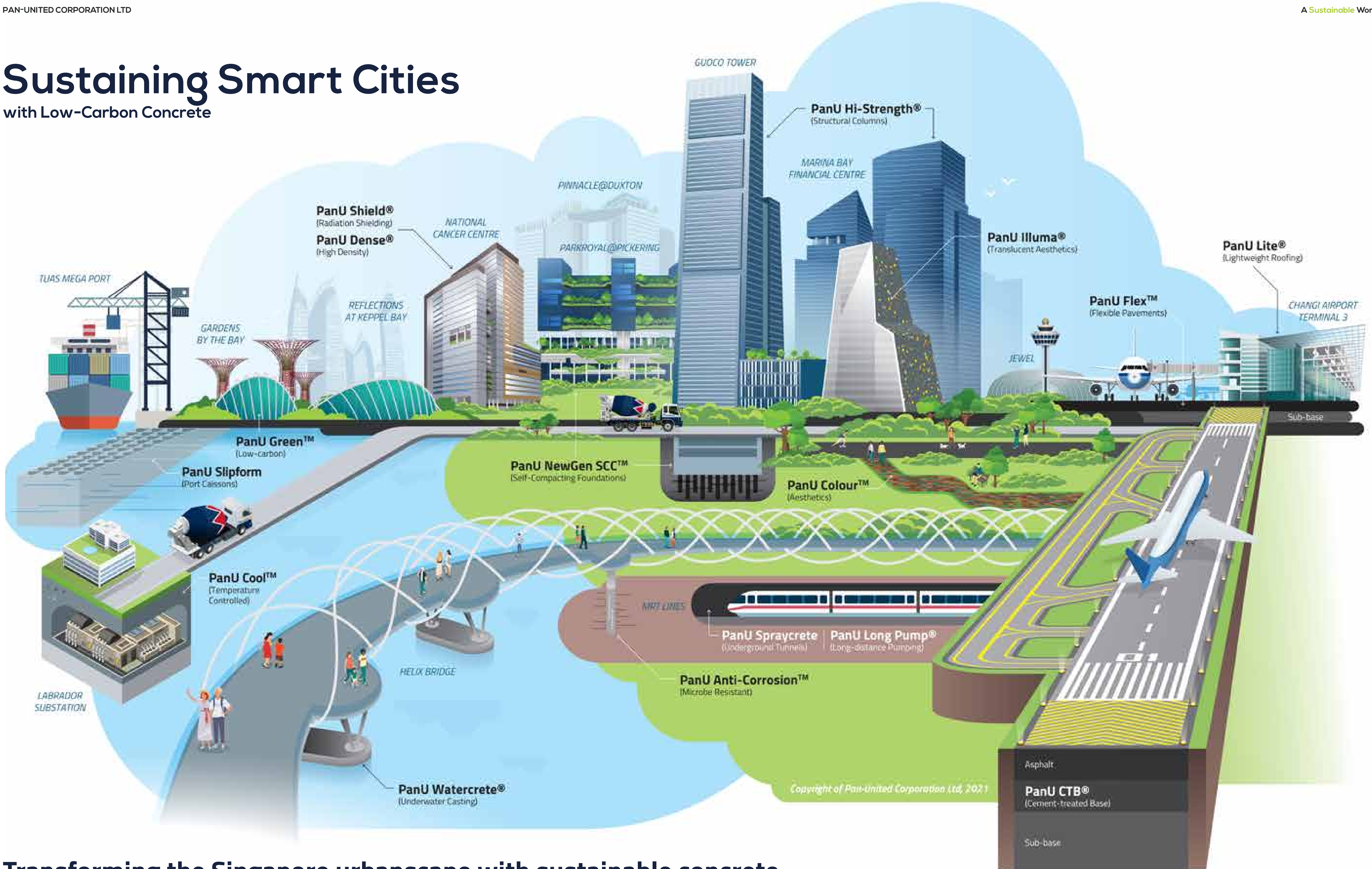
Reducing Embodied Carbon In The Concrete Value Chain:

Pan-United optimises resource consumption through product and process innovation. In addition, waste is upcycled back into the loop to be reused in the production of specialised low-carbon concrete products.



Sustaining Smart Cities

with Low-Carbon Concrete



Transforming the Singapore urbanscape with sustainable concrete

While creating this infographic to showcase our portfolio of low-carbon concrete, we came to the pleasant realisation that Pan-United has played a visible role in shaping Singapore – from the port in the west to the CBD and the underground, and eastwards to Changi Airport, besides commercial and residential structures and institutions.

We humbly take much pride in knowing that many of Singapore's iconic developments, landmarks and infrastructure have been formed with specialised low-carbon concrete by Pan-United. We want to do more to contribute to the sustainable future of Singapore's built environment and the industry at large.

Group Financial Summary

	2021 $'000	2020 $'000	+/(-) %
Financial Results			
Revenue	586,872	405,024	45
Earnings before interest, tax, depreciation and amortisation (EBITDA)	42,928	27,957	54
Profit before taxation	23,072	1,734	NM
Profit after taxation	18,857	1,514	NM
Profit attributable to equity holders of the Company (PATMI)	18,686	1,036	NM
Financial Position			
Shareholders' funds	205,071	194,689	5
Non-controlling interests	8,408	8,311	1
Total equity	213,479	203,000	5
Total assets	396,695	402,313	(1)
Total liabilities	183,216	199,313	(8)
Per share data			
Basic earnings (in cents) (note 1)			
Total attributable to equity holders of the Company	2.67	0.15	NM
Diluted earnings (in cents) (note 2)			
Total attributable to equity holders of the Company	2.67	0.15	NM
Net asset value as at 31 December (in cents)	29.30	27.70	6
Return on shareholders' funds (note 3)	9.3%	0.5%	NM
Return on property, plant and equipment (note 3)	11.1%	0.8%	NM
Net gearing ratio	0.01	0.18	(94)

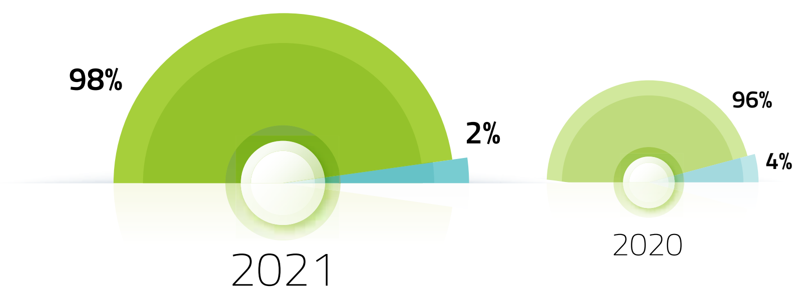
Notes

1. The calculation for basic earnings per share is based on 699,763,225 (2020: 701,653,825) weighted average number of shares in issue during the year.
2. The calculation for diluted earnings per share is based on 699,991,529 (2020: 701,767,825) weighted average number of shares plus dilutive potential shares from share options during the year.
3. In calculating return on shareholders' funds and return on property, plant and equipment, the average basis has been used.

NM: Not Meaningful

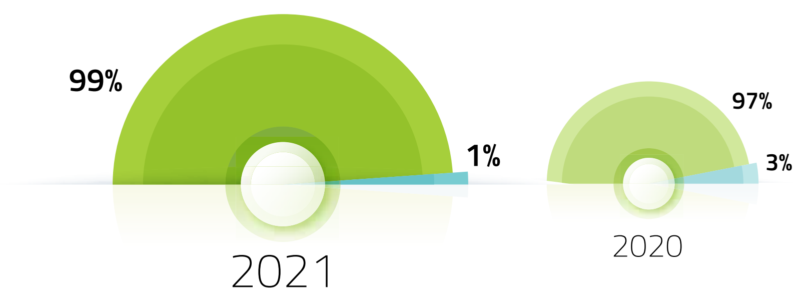
Segmental Information

Revenue



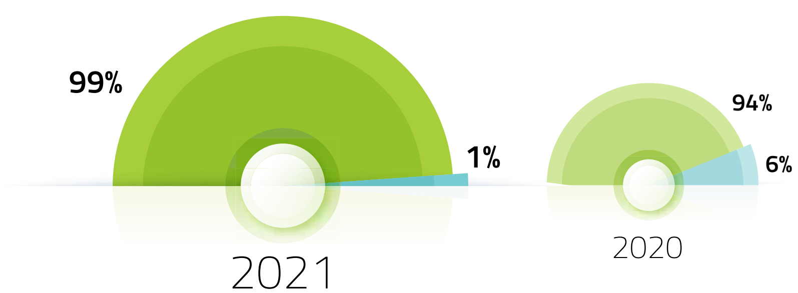
Revenue ($'m)	2021	2020
Concrete & Cement	573.47	388.11
Trading & Shipping	13.40	16.91
Total	**586.87**	**405.02**

EBITDA
(excluding Others)



EBITDA ($'m)	2021	2020
Concrete & Cement	50.09	32.35
Trading & Shipping	0.64	0.93
Others	(7.80)	(5.32)
Total	**42.93**	**27.96**

PATMI
(excluding Others)



PATMI ($'m)	2021	2020
Concrete & Cement	23.10	6.96
Trading & Shipping	0.19	0.48
Others	(4.60)	(6.40)
Total	**18.69**	**1.04**

Chairman's Message

Dear Shareholders,

2021 marked a year of continued resilience for Pan-United as our people weathered through the pandemic. We expanded our innovation capabilities and took significant steps to reduce embodied carbon emissions in concrete.

I am pleased to share that we achieved a good set of results in FY2021, especially in view of the manpower and resource crunch in our operating environment. For FY2021, we recorded a total revenue of $586.9 million, a 45% increase from $405.0 million a year ago. We delivered a profit after tax and minority interests of $18.7 million, compared to that of $1.0 million recorded in the previous financial year.

In appreciation of your support, the Board has recommended a final ordinary dividend per share of 1.1 Singapore cents ($0.011) for FY2021, subject to your approval at the upcoming Annual General Meeting on 22 April 2022.

FOCUS ON MEANINGFUL AND SUSTAINABLE GROWTH

Our strategic focus continues to be on creating sustainable solutions that are safe and environmentally-friendly for the communities and the world we live in.

The year in review was significant for sustainability, with initiatives such as the Singapore Green Plan 2030 and 2021 United Nations Climate Change Conference igniting conversations and firm commitments among governments, corporates and individuals to advance decarbonisation and accelerate carbon neutrality.

"For FY2021, we recorded a total revenue of **$586.9 million**, a **45% increase** from $405.0 million a year ago..."

The 51-storey CapitaSpring, an integrated development offering work, live and play spaces, was completed in 2021. In April 2019, Pan-United set the record for Singapore's largest continuous concrete pour, supplying 5,000 m^3 Grade 80 hi-strength concrete to form the mass foundation of CapitaSpring.

Source: CapitaLand

We are committed to deliver low-carbon solutions and to supply only low-carbon concrete by 2030. Additionally, we pledge to offer carbon-neutral concrete products by 2040. These will advance our ambition to become a carbon-neutral ready-mix concrete (RMC) company by 2050.

Our leadership in sustainable product development and in spearheading the reduction of carbon emissions in specialised concrete products was recognised by the World Green Building Council in March 2021, when we were named an Asia Pacific Net Zero Collaborator. We value the strong support from industry organisations to rally industry players to collaborate, drive sustainability initiatives in the built environment and provide resources for the implementation of programmes. We continued to work with like-minded industry leaders to tackle sustainability issues from a circular-economy perspective and to advocate the use of eco-friendly solutions.

Two of the awards made of PanU Illuma low-carbon concrete that Pan-United sponsored for the inaugural CapitaLand Sustainability X Challenge.

We conceptualised and created unique, low-carbon concrete trophies for the inaugural CapitaLand Sustainability X Challenge (CSXC), a global competition that champions sustainability innovation. The trophies were made from PanU Illuma, a special translucent concrete which allows light to pass through. The one-of-a-kind trophies were presented to the winners, judges and Guest-of-Honour Grace Fu, Minister for Sustainability and the Environment.

In November 2021, Pan-United and 12 other ecosystem partners joined hands with A*STAR (Agency for Science, Technology and Research) and JTC Corporation to explore setting up a testbed facility to accelerate industry adoption of emerging carbon capture and utilisation technologies. This initiative is in support of Singapore's plan for a sustainable future, as announced by the Minister for Trade & Industry, Mr Gan Kim Yong. The role of Pan-United is to help lead the market adoption of low-carbon and CO_2 mineralised concrete in the built environment, as part of the national effort against climate change.

We are collaborating with Surbana Jurong to look at the feasibility of converting the 1,000 trucks we use to be electric and hydrogen-powered. If viable, this move can significantly reduce the carbon footprint of our owned and contracted fleet, besides future-proofing the fleet against potential carbon price increments. This is our second partnership with Surbana Jurong. In 2020, we had signed a Memorandum of Understanding (MOU) with Surbana Jurong, Keppel Data Centres and Chevron, supported by the National Research Foundation, to jointly explore, identify and develop carbon capture technologies.

We also signed an MOU with Shell in January 2022 to collaborate in exploring decarbonisation and sustainable construction in Singapore.

To drive greater momentum towards a net-zero built environment, we organised events to raise awareness of the construction possibilities and benefits in using low-carbon concrete types. In October 2021, we co-organised an educational webinar with the Institute of Engineers, Singapore to familiarise the industry with emerging carbon reduction and utilisation technologies. The strong response to the webinar reflects the built environment industry's growing interest in sustainable products and practices.

We will continue to research and develop stronger and greener concrete, partner esteemed industry bodies, academics and peers to share insights and knowledge, as well as publish technical and marketing literature to encourage further adoption.

We are also committed to giving back to the community. We were conferred the Partner award at the Patron of Heritage Awards (POHA) 2020 for our sponsorship of 86 low-carbon PanU Illuma trophies for the previous year's POHA. We have also pledged $50,000 for bursary awards to undergraduate students at Nanyang Technological University.

2022 AND BEYOND

The Singapore construction industry is expected to steadily rebound to near-pre-COVID levels, primarily led by a strong pipeline of public infrastructure and civil engineering projects. However, we anticipate manpower shortages to be an ongoing challenge in the construction sector, in light of the border restrictions brought about by the pandemic.

Against this backdrop, we will continue to leverage our strong track record and capabilities to identify opportunities to add value to our customers and partners. We will also encourage the built environment sector to minimise its contribution to energy use and waste, while leading in efforts to drive greater awareness of the role of embodied carbon in reducing carbon emissions.

Pan-United supplied substantial volumes of PanU Green and PanU NewGen SCC to the 42,000 sqm PSA Liveable City integrated project which was completed in 2021.

WITH GRATITUDE

At Pan-United, we have taken a measured approach in weathering the impact of the pandemic, and have managed to insulate the impact of extended COVID-19 restrictions on our businesses. Moving forward, we will press on to generate sustainable growth and proactively integrate sustainable practices across our value chain.

I would like to thank my fellow Board members for their guidance and support on this journey. The Board and I would also like to extend our gratitude and appreciation to all customers, partners and shareholders for their constant support and participation. We commend and appreciate the people of Pan-United for their sacrifices and tireless contributions in a very difficult period of our lifetime. Their dedicated service, commitment and teamwork as part of the Pan-United family are the strength and foundation of our success.

With our deep capabilities in concrete innovation and digitalisation, Pan-United is ready and well-positioned to ride the strong wave of growth as the pandemic subsides.

My very best to all and keep safe.

Yours sincerely,

Tay Siew Choon
Chairman

Corporate Structure

PAN-UNITED CORPORATION LTD

CONCRETE & CEMENT

- Pan-United Industries Pte Ltd 100%
  - Pan-United Concrete Pte Ltd 100%
  - Raffles Concrete Pte Ltd 100%
  - Fortis Star Sdn Bhd 100%
  - Fico Pan-United Concrete Joint Stock Company 55%
  - 100% United Cement Pte Ltd
  - 49% Raffles Cement Pte Ltd
  - 100% Meridian Maplestar Sdn Bhd
  - 49% PT. Pacific Granitama

TECHNOLOGY

- Pan-United Technologies Pte Ltd 100%
- AiR Digital Solutions Pte Ltd 100%
- 97% GoTruck Pte Ltd

TRADING

- PanU Harmony Pte Ltd 100%
- 51% United Bulk Shipping Pte Ltd

Financial Calendar

31 DECEMBER 2021	Financial year end
22 FEBRUARY 2022	Announcement of 2021 results
22 APRIL 2022	Annual General Meeting
13 MAY 2022	Payment of final dividend
AUGUST 2022	Announcement of 2022 half-year results

Corporate Information

Board of Directors

Chairman, Independent Director
Tay Siew Choon

Deputy Chairman, Non-Executive Director
Patrick Ng Bee Soon

Chief Executive Officer
Ng Bee Bee

Non-Executive Director
Jane Kimberly Ng Bee Kiok

Independent Directors
Soh Ee Beng
Fong Yue Kwong

Company Secretary
Kevin Cho

Registered Office
7 Temasek Boulevard, #16-01 Suntec Tower One
Singapore 038987

Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue, #14-07 Keppel Bay Tower
Singapore 098632

Auditor
Ernst & Young LLP
One Raffles Quay, Level 18 North Tower
Singapore 048583

Audit Partner
Ong Beng Lee, Ken (w.e.f. financial year 2020)

Board Of Directors

Tay Siew Choon
Chairman
Independent Director

Mr Tay Siew Choon has been the Chairman of Pan-United Corporation Ltd since June 2020. He has been an Independent Director of the Company since February 2005. Mr Tay is also the Chairman of GoTruck Pte Ltd, a subsidiary of the Company, since 2018.

Mr Tay has held top echelon management positions in several listed companies and has extensive local and overseas experience. He was Managing Director and Chief Operating Officer of Singapore Technologies Pte Ltd until March 2004. Mr Tay is currently the Deputy Chairman of TauRx Pharmaceuticals Ltd and a director of TauRx Therapeutics Ltd, Straco Corporation Ltd and WisTa Laboratories Ltd.

Mr Tay holds a Bachelor of Engineering (Electrical) Honours degree as a Colombo Plan scholar from Auckland University, New Zealand and a Master of Science in Systems Engineering from the University of Singapore (now National University of Singapore).

Patrick Ng Bee Soon
Deputy Chairman
Non-Executive Director

Mr Patrick Ng has been the Deputy Chairman of Pan-United Corporation Ltd since March 2011.

He was CEO of the Group from January 2004 to February 2011. He also serves as a director of several subsidiaries in the Group.

Mr Ng relinquished his executive position as Deputy Chairman of the Company on 5 February 2018. He continues to serve on the Board of the Company in a non-executive capacity with the same title of Deputy Chairman.

Mr Ng is a non-executive director of Zhuhai Harbour (Singapore) Company., Limited (fka Xinghua Port Holdings Ltd).

Mr Ng has a Bachelor of Science degree from the University of Oregon, United States of America.

Ng Bee Bee
Chief Executive Officer

Ms Ng Bee Bee has been the CEO of Pan-United Corporation Ltd since March 2011.

She was previously the Executive Director of the Group from January 2004 to February 2011. Ms Ng sits on the boards of several subsidiaries in the Group. She serves as an independent non-executive director of NTUC Enterprise Co-operative Ltd and Singapore Technologies Engineering Ltd.

Ms Ng was previously a director of Changshu Xinghua Port Co. Ltd, Singapore Changshu Development Company Pte Ltd, Xinghua Port Holdings Pte Ltd, and an independent non-executive director of Mercatus Co-operative Ltd.

She holds a Bachelor of Arts (Honours) degree from the University of Western Ontario, Canada.

Soh Ee Beng
Independent Director

Mr Soh Ee Beng has been an Independent Director of Pan-United Corporation Ltd since December 2018.

Mr Soh has over 20 years of experience in investment banking, including mergers and acquisitions, initial public offerings, equity placements and equity-linked transactions. He has advised on both public and private transactions across Asia.

Mr Soh has worked at several leading financial institutions. He was the Managing Director and Head of Advisory for South East Asia at The Hongkong and Shanghai Banking Corporation Ltd. Prior to that, Mr Soh was the Managing Director and Head of Investment Banking of N M Rothschild & Sons (Singapore) Ltd, the CEO and Head of Investment Banking of BNP Paribas Peregrine (Singapore) Ltd, and the Director of Corporate Finance of ING Bank N.V..

Mr Soh was previously an independent non-executive director of Xinghua Port Holdings Ltd.

He has a Bachelor of Accountancy degree with First Class Honours from Nanyang Technological University, Singapore.

Fong Yue Kwong
Independent Director

Mr Fong Yue Kwong has been an Independent Director of Pan-United Corporation Ltd since March 2020.

He has more than 40 years of experience in the port, marine supply base and logistics industries in Singapore and Asia, particularly China.

Mr Fong joined JTC Corporation in 1978 and rose through the ranks to become the first president of the corporatised Jurong Port in 2001. After he retired from JTC in 2011, Mr Fong served as advisor to Pacific International Lines (Pte) Ltd, Keppel Logistics Pte Ltd and Shenzhen Chiwan Petroleum Supply Base Co., Ltd.

Mr Fong has been a board member of Kwong Wai Shiu Hospital since 2013. He was previously a director of Changshu Xinghua Port Co. Ltd.

He holds a Bachelor of Engineering (Mechanical) degree from the University of Canterbury, New Zealand and a Master in Business Administration from the University of East Asia, Macau.

Jane Kimberly Ng Bee Kiok
Non-Executive Director

Ms Jane Kimberly Ng Bee Kiok has been a Non-Executive Director of Pan-United Corporation since March 2021.

Ms Ng was previously an Executive Director of the Company from March 2009 to February 2018. She started her career in the Pan-United Group in 1988 and held various executive positions, including Group Financial Controller from 1997 to 2002 and General Manager (Special Projects) from 2002 to 2004. She left the Company in 2004 to become an Executive Director of Pan-United Marine Limited.

In connection with the demerger of Xinghua Port Holdings Ltd (Xinghua Port) as a separate listed company in February 2018 on The Stock Exchange of Hong Kong Limited, she relinquished her position in the Company and became an Executive Director of Xinghua Port until September 2020.

Ms Ng graduated *summa cum laude* with a Bachelor of Science degree from the University Of Oregon, United States of America.

Performance Review

Our expertise and strengths in concrete innovation and digitalisation paid off in serving both the public and private sectors. Riding on the improved construction market in 2021, we supplied highly specialised concrete and low-carbon concrete to various large and mega-scale infrastructure and other structural projects.

National Cancer Centre Singapore
Pan-United specially developed PanU Shield, a proton-shielding concrete to meet the specifications set by the Ministry of Health for the proton therapy rooms at the new National Cancer Centre Singapore (NCCS).

Singapore

According to the Building and Construction Authority (BCA), the preliminary total construction demand for 2021 increased by 42% to about $30 billion compared to 2020, largely driven by public housing and infrastructure projects, as well as an improvement in investment sentiment.

The public sector continued to lead demand at $18.2 billion, underpinned by major projects such as the Rapid Transit Systems (RTS) Link connecting Singapore and Johor Bahru, the Cross Island MRT Line, Jurong Region MRT Line, Tuas Water Reclamation Plant and new Housing Development Board (HDB) Build-To-Order (BTO) units. The private sector accounted for $11.8 billion, supported by higher demand for residential, commercial and industrial building developments as the economy recovers.

Construction activity is still weighed down by an acute manpower shortage due to border restrictions on the entry of foreign workers. This has resulted in longer completion time for most construction projects.

In spite of the uncertain operating environment and trying times, Pan-United continued to supply large volumes of concrete to a variety of public and private sector projects in 2021. They include:

- Transport infrastructure projects such as the Rapid Transit Systems (RTS) Link, North-South Corridor, Thomson-East Coast Line, Cross Island Line and Jurong Regional Line
- Commercial projects such as CapitaSpring in the Central Business District
- Industrial projects such as JTC semiconSpace
- Healthcare projects such as National Cancer Centre Singapore and Integrated Intermediate Care Hub At HealthCity Novena (IICH)
- Tourism projects such as Mandai Resort

CapitaSpring
CapitaSpring is a landmark commercial development that used sustainable hi-strength concrete.

Source: CapitaLand

For 2022, the BCA forecasts overall construction demand to reach between $27 billion and $32 billion, with public sector projects contributing to 60% of the total demand. Private sector construction demand in 2022 is anticipated to be comparable with that of 2021, supported by commercial and institutional construction demand as hotels and attractions undergo refurbishment. Older commercial premises are earmarked for redevelopment, while private residential demand is expected to be dampened by the recent property cooling measures.

The operating environment of the Singapore construction sector is expected to remain challenging in 2022 amid ongoing manpower constraints, along with significantly higher raw material costs, freight costs and energy prices.

Springleaf MRT Station
The Springleaf MRT Station is one of the six newly-opened stations in Phase 2 of the Thomson-East Coast Line.

Samsung Best Performance Award
Pan-United was awarded the Best Performance Award by Samsung C&T for the fourth year in a row. This is our sixth award from Samsung since 2010.

Towards Carbon Neutrality

We gained momentum in pushing our twin goals of carbon neutrality for Pan-United in particular, and decarbonisation of the built environment industry.

JTC semiconSpace
An artist's impression of the JTC semiconSpace, a 32,000 sqm semiconductor facility at the Tampines Wafer Fab Park built entirely with low-carbon CCU concrete. Image source: ID Architects Pte Ltd

The MOU signing ceremony with Shell on 12 January 2022: (from left) Tan Yew Chong, General Manager, Commercial Fuels East of Shell Eastern Petroleum; Aw Kah Peng, Chairman of Shell Companies in Singapore; and Ken Loh, Chief Operating Officer of Pan-United Corporation.

During the year, several collaborations were sealed with like-minded partners, with whom we can unlock synergies and develop novel sustainability solutions. By joining forces, we can accelerate the pace of achieving net-zero carbon emissions for all.

In November 2021, Pan-United and 12 other ecosystem partners including Chevron, ExxonMobil, Keppel and Surbana Jurong joined the Agency for Science, Technology and Research (A*STAR), the Economic Development Board (EDB) and JTC Corporation to explore setting up a testbed facility to accelerate the industry adoption of emerging CCU technologies. Titled the "Carbon Capture and Utilisation Translational Testbed (CCUTT)", this initiative aims to enable and support companies in piloting and scaling up new CCU technologies.

In January 2022, we collaborated with Surbana Jurong to explore the feasibility of converting our entire trucking fleet of over 1,000 trucks to run on electric power via hydrogen fuel cells. The feasibility study has the potential to significantly reduce the carbon emissions attributed to our trucking fleet. In 2020, we signed a Memorandum of Understanding (MOU) with Surbana Jurong, Keppel Data Centres and Chevron, supported by the National Research Foundation, to jointly explore, identify, and develop carbon capture technologies.

We also signed an MOU with Shell in January 2022 to collaborate on ways to leverage each other's expertise to achieve decarbonisation in construction. Through the MOU, we will explore the use of repurposed industrial waste and CO_2 from Shell's Singapore operations as raw materials to produce low-carbon concrete.

As an active proponent of sustainable concrete solutions, we also participated in a variety of speaking engagements to share our knowledge as well as encourage peers to embrace and adopt sustainable concrete solutions. This includes presentations that were conducted in Pan-United's capacity as a World Green Building Council (WGBC) Advancing Net Zero (ANZ) APAC collaborator.

We also co-organised an educational webinar in October 2021 to raise awareness of carbon reduction and utilisation techniques, which can in turn reduce embodied carbon emissions. Titled "Understanding CO_2 Utilisation and Its Long-Term Durability in Structural Concrete", the webinar was held in partnership with the Institution of Engineers, Singapore (IES) to encourage industry players to adopt emerging carbon reduction and utilisation techniques. The virtual session was well attended by close to 300 participants from the public and private sectors, including civil engineering consultants, structural engineers, contractors, developers and regulators. Dr Yang En-Hua, Associate Professor and Assistant Chair (Academic) of the School of Civil and Environmental Engineering at the Nanyang Technology University, Singapore, also presented recent research and observations on advancements in carbon reduction and utilisation in cement-based materials.

Malaysia

Megah Rise 228

Our Malaysian operations are still recovering from the pandemic. Among Fortis Star's major projects are the Tun Dr Lim Chong Eu Expressway-Air Itam bypass project, as part of the Penang Transport Master Plan (PTMP). The 6km expressway is expected to be completed in 2025.

Fortis Star also supplied concrete to residential and commercial projects such as the Trellis integrated development in Johor Bahru, and the Megah Rise 228 and Tropicana Gardens Mall projects in Selangor. Both projects were completed in 2021.

Tropicana Gardens Mall

Pan-United is building its track record for private residential and commercial projects in Malaysia such as Megah Rise 228 (left), a 37-storey serviced apartment and the Tropicana Gardens Mall (above) in Selangor.

Vietnam

Aqua City

Located in Dong Nai, the Aqua City project comprises residential units and high-end amenities such as schools, hospitals, a sports complex, a shopping and entertainment complex, among others.

FiCO PanU, a 55%-owned subsidiary, celebrated its 10th anniversary in May 2021. Since its inception, FiCO PanU has achieved significant milestones. In 2007, it emerged as the top ready-mix concrete brand in Ho Chi Minh City after only six years of operation. Having created a name for itself as a trusted concrete partner, FiCO PanU today supplies highly-specialised concrete mixes to iconic projects such as Landmark 81, amongst many others.

Most recently, FiCO PanU signed a major cooperation agreement spanning 2022 to 2024 that strengthens its longstanding working relationship with Novaland Group, a leading brand in the real estate investment and development industry in Vietnam.

As part of the agreement with Novaland, FiCO PanU will construct two onsite batching plants at the site of Aqua City, a large-scale smart eco-urban integrated development in Dong Nai province. The two plants will supply about 700,000 m^3 of concrete to the Aqua City project over a two-and-a-half-year period. FiCO PanU commissioned the first plant in December 2021.

Additionally, FiCO PanU will develop high-quality concrete and high-performance low-carbon mortar using Carbon Capture and Utilisation (CCU) technologies over the period - first for Aqua City and subsequently for other projects.

In 2021, FiCO PanU continued to supply concrete to major infrastructural projects in Ho Chi Minh City such as the Thu Thiem Bridge 2, Metroline One Rail Track, Ho Chi Minh City Urban Railway Construction Project, Cat Lai Port and the LNG Power Plant.

Thu Thiem Bridge

The Thu Thiem Bridge 2 main structure spanning 1.5km was completed in December 2021.

Contactless Technologies For A Safer World

Pan-United continues to collaborate with like-minded partners to develop innovative methods to decarbonise its products and processes, ranging from specialised concrete to its trucking fleet.

We advanced the use of innovative processes and digital technologies to minimise physical interaction and observe safe distancing at worksites. More digital initiatives and solutions were introduced in 2021.

Our PanU New Generation Self-Compacting Concrete (PanU NewGen SCC), an enhanced specialised rheologic concrete that was introduced in early 2020 at the start of the pandemic, gained wider acceptance amongst customers in 2021.

PanU NewGen SCC flows easily to reach hard-to-fill corners, enabling contractors to assign a single worker to execute the concreting work where typically this process would require several concreting workers to compact the concrete into place. This concrete innovation allows workers to keep a safe distance from each other, while reducing casting time by 40% and raising productivity by 75%.

Our customers have also expressed satisfaction with the convenience and effectiveness of our quality checks using three-step virtual quality testing of trial mixes and e-sampling, having migrated from traditional physical processes to these virtual options available on the AiR platform. Such digitalised processes allow contractors to achieve quality control of materials while improving all-round worksite safety.

Digitalisation In The Built Environment

Digital automation and optimisation of processes have improved the delivery of our services and solutions, and achieved supply chain transparency with our customers.

Logistics Made Simple

goTruck! is reinventing logistics for heavy industries. In 2021, the company launched goTruck!Hub, a cloud-based logistics management system to digitalise the heavy logistics sector. Customers have reported an improvement in operational processes of up to 80%, a 66% reduction in erroneous deliveries, and a significant 45% improvement in manpower efficiency. goTruck!Hub has customers signed up in Singapore and Malaysia and there are plans to expand beyond these markets.

www.gotruck.com

AiR (Artificial Intelligence for Ready-Mix Concrete) is a fully digitalised platform that is offered as a software as a service (SaaS) to optimise ready-mix concrete and cement supply chains. The platform is continually being upgraded with new features. These include enhancing its user-friendliness and improving safe distancing for construction projects, in keeping with COVID-safe worksite requirements. We look forward to exploring the utility of AiR with more companies in the building materials sector.

AiR is used in our Singapore, Malaysia and Vietnam operations.

www.airdigital.sg

Contributing To The Community

Contrary to its unassuming exterior, concrete actually has creative and amusing dimensions. Its uses go beyond its functional role as building blocks for Singapore's nation-building and development efforts. Pan-United is committed to contributing to meaningful initiatives to the community, whether as an art medium to connect with our community, to shape lifestyles, or more.

On behalf of Pan-United, Mrs Linda Chee, Group Head of Communications received the Patron of Heritage Awards (Partner) from Mr Edwin Tong, Minister for Culture, Community and Youth.

A Singapore Armed Forces AMX-13 SM1 tank on the lawn in front of the National Museum of Singapore, atop a multi-layered concrete platform sponsored by Pan-United.

For our sponsorship of 86 translucent concrete trophies to the National Heritage Board (right), Pan-United was privileged to receive the 'Partner' award at the Patron of Heritage Awards (POHA) 2020. This marked the third year that we have received POHA awards. The trophies were conceptualised in-house and created with our special translucent concrete called PanU Illuma (right).

Pan-United also sponsored the use of PanU NewGen SCC in a Singapore Armed Forces tank display (above) at the National Museum of Singapore. The tank is part of an exhibition called "Dislocations: Memory & Meaning of the Fall of Singapore, 1942", that began in January 2022.

During the year, we committed $50,000 for bursary awards to deserving students pursuing undergraduate degree programmes at Nanyang Technological University. Under this arrangement, Pan-United will contribute $10,000 per year for five years starting from the 2021/2022 academic year to selected students in relevant disciplines - namely the School of Civil and Environmental Engineering, School of Computer Science and Engineering, and School of Materials Science and Engineering. The selected students will also be given work exposure in their six-month industrial attachments with Pan-United.

PanU Illuma trophy
We sponsored PanU Illuma trophies for The Patron of Heritage Awards 2019.

Financial Report

Report On Corporate Governance

The Company, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the SGX-ST) on 22 December 1993, has set in place self-regulatory corporate governance practices and has enhanced its internal policies and practices. The Company has adopted the Code of Corporate Governance 2018 (Code) as the benchmark for its corporate governance policies and practices.

This report describes the Company's corporate governance practices that were in place for the financial year ended 31 December 2021 (FY2021) with specific reference to the Code. It is arranged according to the principles listed in the Code. Principles 1 to 5 deal with board matters, Principles 6 to 8 with remuneration matters, Principles 9 to 10 with accountability and audit, Principles 11 to 12 with shareholder rights and engagement and Principle 13 with managing stakeholders relationships. Explanations have been provided where there are deviations from the Code.

Board of Directors

At the date of this report, the Board comprises six directors including three independent directors, namely:

i	Tay Siew Choon	– Chairman, Independent Director
ii	Patrick Ng Bee Soon	– Deputy Chairman, Non-Executive Director
iii	Ng Bee Bee	– Chief Executive Officer
iv	Jane Kimberly Ng Bee Kiok	– Non-Executive Director
v	Soh Ee Beng	– Independent Director
vi	Fong Yue Kwong	– Independent Director

The profile of each director is set out on pages 18 and 19 of the Annual Report.

At the upcoming Annual General Meeting (AGM), the following directors have been recommended by the Nominating Committee (NC) for re-election:

Directors retiring pursuant to Regulation 89 of the Constitution of the Company (Constitution):
– Ng Bee Bee
– Soh Ee Beng

Additional information relating to the Directors seeking re-election as required under Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the SGX-ST can be found on page 48 to page 53 of the Annual Report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board is collectively responsible for providing the overall strategy and direction to the Management and the Group. Each member of the Board has fiduciary duty to discharge his or her duties and responsibilities in the best interests of the Company at all times and holds Management accountable for performance. The Board delegates the day-to-day operations to Management. However, significant matters exceeding the internal financial limits set by the Board require the Board's approval.

The Board's role is to:
– provide entrepreneurial leadership, set strategic aims and ensure proper accountability within the Group;
– set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met;
– establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interest and the Company's assets;
– review the performance of Management, identify the key stakeholders groups and recognise that their perceptions affect the Company's reputation; and
– consider sustainability issues such as environmental, social and governance factors as part of the Board's strategic formulation.

Each member of the Board is required to adhere to the highest standards of ethics, integrity and accountability in the key areas such as conflicts of interest, duty of confidentiality, loans to directors (if any), directors' declaration of interest under the Singapore Companies Act 1967, external appointments and dealings in shares. Where a director has a conflict or potentially conflict of interest in relation to any matter, he/she should immediately declare his/her interest when the conflict-related matter is discussed, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he/she will abstain from voting in relation to the conflict-related matters. On an annual basis, each director confirms his/her compliance with the Company's policy for dealing in the securities of the Company and submit the details of his/her associates for the purpose of monitoring interested person transactions.

The Company has in place an orientation programme to familiarise new directors with the Company's structure and organisation, businesses and governance policies. Site visits to the Group's core business units and interaction with the senior Management also form part of the orientation programme. All new directors will undergo training and briefing on the roles and responsibilities as directors of a listed company for an understanding of their legal and fiduciary obligations as an individual and of the Board as a whole. The Company engages lawyers, consultants and/or the company secretary for regular updates to the Board on major changes of relevant laws and regulations for a listed company.

The Company has adopted a policy to instill and encourage continuous education and training for the Board to keep pace with the regulatory changes and latest developments relevant to the Group. Majority of the directors are members of the Singapore Institute of Directors (SID). An annual budget has been allocated for the training needs of the Board. Under the purview of the Nominating Committee (NC), the directors are encouraged to attend conferences and seminars, relating to finance, legal, business strategy, risk management, sustainability and corporate governance issues, organised by SID and other professional organisations.

Matters requiring Board's decision and approval include:
– decide on strategic directions, key initiatives, policy matters and major transactions;
– approve annual capital and operating budgets;
– monitor Management's performance and review the financial performance of the Group;
– ensure the adequacy and effectiveness of internal controls;
– implement effective risk management systems;
– decide on the appointment and removal of the company secretary;
– ensure compliance with the Singapore Companies Act 1967, accounting standards, SGX listing rules and all other relevant statutes and regulations;
– consider sustainability issues such as environmental and social factors; and
– adopt relevant leading business practices.

During the course of the year under review, the Board was promptly informed of the Company's COVID-19 business continuity plan which was implemented to ensure appropriate systems and procedures with the Group to specifically address the impact of the pandemic on business operational risks. Management closely monitored developments on the COVID-19 situation within the Group and informed the Board on any impact and mitigation measures. The Board was also regularly updated on relevant legal and regulatory requirements in light of the rapidly evolving COVID-19 situation.

Delegation of Authority on certain Board Matters

To facilitate effective management, certain functions have been delegated to four Board Committees, namely, the Audit Committee, Executive Committee, Nominating Committee and Remuneration Committee, each of which is governed by clear terms of reference which has been approved by the Board. Minutes of all Board Committees meetings are provided to the directors for their information and update on the proceedings and matters discussed during such meetings.

The Company and the Group have in place financial and approval limits for procurement of goods and services, capital expenditure, investments, divestments, bank borrowings, credit limits and payment signatories' arrangements. Also, to facilitate operational efficiency, sub-limit approvals are adopted for the Executive Committee and the different levels of Management.

The Executive Committee comprises:

i Tay Siew Choon – Chairman
ii Patrick Ng Bee Soon
iii Ng Bee Bee

Details of other Board Committees are as set out below:

i Nominating Committee (Principle 4)
ii Remuneration Committee (Principle 6)
iii Audit Committee (Principle 10)

Report On Corporate Governance (continued)

Meetings of the Board and Board Committees, and General meetings

The Board meets at least four times annually and additional meetings may be held as and when necessary to address any significant matters that may arise. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Constitution.

The record of the directors' attendance at the scheduled meetings held during FY2021 is set out as follows:

Name of director	Board	Audit Committee	Nominating Committee	Remuneration Committee	Annual General Meeting
Total number of meetings	**5**	**4**	**1**	**2**	**1**
Tay Siew Choon	5	4	1	–	1
Patrick Ng Bee Soon	5	–	1	1	1
Ng Bee Bee	5	–	–	–	1
Jane Kimberly Ng Bee Kiok (Appointed on 22 March 2021)	4	3	–	1	1
Soh Ee Beng	5	4	1	2	1
Fong Yue Kwong	4	–	–	2	1
Cecil Vivian Richard Wong (Retired on 30 April 2021)	1	1	–	1	1

The directors are provided with quarterly reports on the Group's financial position as well as timely and complete information to enable them to discharge their responsibilities. The directors are at liberty to request for further explanations, briefings or additional materials on any operational or business issues. The board papers and related materials are sent to directors in advance of each board meeting.

The directors have separate and independent access to senior Management and the company secretary at all times. The company secretary or his representative attends and maintains minutes of all meetings of the Board and Board Committees. The appointment and removal of the company secretary are subject to the Board's approval.

The directors, in carrying out their responsibilities, may either individually or as a group, appoint professional advisers of their choice to render advice at the expense of the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. The Company has adopted a Board Diversity Policy which sets out the approach to diversity on its Board of Directors. The Board Diversity Policy recognises that a diverse Board is an important element which will better support the Company in attaining its strategic objectives and sustainable development. A diverse Board will include and make good use of differences between the Directors in terms of skills, experience, background, gender, age, ethnicity, tenure of service, independence and other distinguished qualities. The Nominating Committee (NC) has been tasked to implement and monitor the Board Diversity Policy and to implement measures including selection and nomination of suitable candidates from diverse backgrounds to be appointed as new director(s) of the Company. When reviewing and assessing the composition of the Board and making recommendations to the Board for appointment of Directors, the NC will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board to achieve diversity in the Board. The final decision on selection of Directors will be based on merit against an objective criteria that complements and expands the skills and experience of the Board as a whole to be effective, with due regard for the benefits of diversity on the Board.

In light that the independent director, Mr Tay Siew Choon has served beyond nine years from the date of his first appointment, the Board, with the concurrence of the NC, performed a rigorous review of his independence, with Mr Tay abstaining from the deliberation of his own independence. Further, the SGX Listing Manual sets out specific circumstances in which a director is deemed non-independent, including, effective on 1 January 2022, the requirement for directors wishing to remain as independent after serving more than nine years, to seek two-tier voting by shareholders. The dates of the first appointment for these directors are set out on page 38 of the Annual Report.

The approval of the shareholders was obtained through a two-tier voting process at the Company's AGM on 30 April 2021 for Mr Tay Siew Choon to continue in office as an independent non-executive director of the Company, notwithstanding that he has served as an independent non-executive director of the Company for an aggregate term of more than nine years. The Board has determined that Mr Tay continues to remain objective and independent-minded in board deliberations. The Board also acknowledges and recognises the benefits of the experience and stability brought by Mr Tay, as Chairman of the Board, with his valuable insight into the Company, its business, markets and industry gained over time during his tenure.

Based on the self-declaration provided by each director of any relationships as set out in the SGX Listing Manual and the Code, the individual, peer and board evaluations performed and informal reviews conducted, the Board has assessed and determined that the three non-executive directors, namely Messrs Tay Siew Choon, Soh Ee Beng and Fong Yue Kwong, have each exercised independent judgement in the interests of the Company and discharged his duties as an independent director effectively. The Board was satisfied that there was no relationship or other factors such as financial assistance, past association, business dealings, being a representative of a shareholder, financial dependence, relationship with the Company or the Company's management, which would impair or compromise their independent judgement or which would deem them not to be independent.

The independent directors are respected members of the business community and they provide core competencies such as accounting, finance, business acumen and management expertise. The Board is of the view that they contribute to the strong independent element of the Board, notwithstanding their tenure on the Board.

The Board, with the concurrence of the NC, having reviewed and considered the size of the Board and the Board Committees, is of the view that the current size is appropriate for the nature and scope of the Company's operations and facilitates effective decision making for the existing needs and demands of the Group's businesses. The Board constantly reviews the board's diversity covering aspects ranging from skills, experience, background, gender, age, ethnicity and culture, tenure of service, independence and other distinguished qualities to enhance decision-making capability and foster constructive debate. The Board comprises six directors including three independent directors. The members of the Board possess complementary skillset, knowledge and experience in multi-industries, such as finance, investment and management. The average age of the Directors is 62 years old, with the range from 53 years old to 74 years old. The Company has two female directors on the Board. The Company is of the view that there is diversity in the Board and no changes be made to the Board composition in the near future. The Board, with the concurrence of the NC, is also of the view that the composition of the Board and the Board Committees, as a group, provides an appropriate balance and diversity of skills, experience, gender, age and knowledge of the Group. No individual or group dominates the Board's decision-making process.

The non-executive directors, who make up a majority of the Board, always constructively challenge and help develop proposals on strategy and review Management's performance in meeting agreed goals and objectives, and monitor the reporting of Management's performance. The non-executive directors also set aside time to meet with and without the presence of Management and provide feedback to the Board as appropriate.

Chairman and Chief Executive Officer (CEO)

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and CEO are separate and consist of two directors who have no familial relationship with each other. The Chairman is an independent director who bears responsibility for the workings of the Board and assists in enhancing the Company's corporate governance practices. The CEO is the executive director responsible for the day-to-day operations of the Group.

The Chairman's role includes the following:

- leading the Board to ensure its effectiveness on all aspects of its roles;
- setting the agenda and ensure adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- ensuring that the directors receives accurate, adequate, timely and clear information;
- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of non-executive directors at board meetings; and
- promoting high standards of corporate governance.

Given the clear separation of the roles of Chairman (Independent Non-Executive Director) and CEO of the Company, the Board is of the view that a lead independent director is not needed at present.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Nominating Committee comprises three members, the majority of whom, including the NC Chairman, are non-executive independent directors, namely:

i Tay Siew Choon – Chairman
ii Patrick Ng Bee Soon
iii Soh Ee Beng

Report On Corporate Governance (continued)

Board Membership (continued)

The main functions of the NC as governed by its written terms of reference, which are approved by the Board, are as follows:

- review succession plans for directors including the Chairman, the CEO and key management personnel and make recommendation to the Board on new appointments;
- assess, through a process implemented by the Board, the effectiveness of the Board as a whole and each of the Board Committees and the contribution by each individual director to the effectiveness of the Board;
- review training and professional development programs for the directors;
- implement and monitor the board diversity policy;
- nominate directors, having regard to their contribution and performance, for re-nomination and re-election;
- determine whether or not a director is independent;
- conduct rigorous review to determine the independence of any director who has served the Board beyond nine years since his first appointment;
- decide whether or not a director is able to and has been adequately carrying out his duties as director of the Company; and
- ensure new directors are aware of their duties and obligations.

Having considered the recommendations of the Code and the NC, the Board limits the maximum number of outside directorships of listed companies and principal commitments to five, i.e. the non-executive directors of the Company should not hold more than five directorships in other listed companies including principal commitments.

The NC, in its annual review of the appropriate size and composition of the Board, may make recommendations to the Board for new board appointments. The NC will take the lead in identifying, evaluating and selecting suitable candidates as new directors for the Board's consideration. The NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with appropriate expertise and experience for the appointment as new director. The selection criterion includes integrity, expertise, industry experience and financial literacy. The NC may engage, if necessary, external search consultants or other advisers to assist in identifying and short-listing of potential candidates. A formalised letter of appointment, explaining among other matters, the roles, obligations, duties and responsibilities as member of the Board, will be issued to new directors. In FY2021, Ms Jane Kimberly Ng Bee Kiok was appointed as Non-Executive Director of the Company on 22 March 2021. Alternative directorships in the Company are not encouraged by the NC. The Company has no alternate directors on its Board.

The Board reviews annually whether a Director is considered an Independent Director based on the 2018 Code and the Listing Rules. The Board has ascertained that for the financial year under review, the Independent Directors are independent. Please see the disclosures with respect to Principle 2 "Board Composition and Guidance" for the assessment of the Directors' independence by the NC and the Board.

In accordance with Regulation 88 of the Constitution, all newly appointed directors will only hold office until the next AGM and Regulation 89 of the Constitution provides that every director shall, subject to the Singapore Companies Act 1967, retire from office at least once every three (3) years.

The dates of first appointment and last re-election of each director are set out below:

Name of director	Age	Position	Date of first appointment	Date of last re-election
Tay Siew Choon	74	Chairman, Independent Director	01/02/2005	30/04/2021
Patrick Ng Bee Soon	59	Deputy Chairman, Non-Executive Director	25/05/1993	23/06/2020
Ng Bee Bee	54	Chief Executive Officer	31/01/2004	29/04/2019
Jane Kimberly Ng Bee Kiok	60	Non-Executive Director	22/03/2021	30/04/2021
Soh Ee Beng	53	Independent Director	17/12/2018	29/04/2019
Fong Yue Kwong	69	Independent Director	01/03/2020	23/06/2020

Notes
1) Information on directors' shareholdings in the Company and its related companies is set out on page 54 of the Annual Report.
2) Information on directorships or chairmanships in other listed companies and other major appointments is set out on pages 18 and 19 of the Annual Report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board has adopted an internal process for evaluating the effectiveness of the Board as a whole and each of the Board Committees and individual directors annually. Each director is required to complete a board evaluation form to be returned to the NC Chairman. The evaluation results are subsequently consolidated and presented to the Board together with the NC's recommendations at the board meeting held prior to the AGM.

In evaluating the Board's performance, the NC may take into consideration qualitative and quantitative performance criteria. The evaluation parameters may include performance against set goals and contribution to the Group's long-term objectives and revenue growth. Each director's individual performance is also undertaken on an annual basis through peer evaluation and self-assessment.

The Board has decided that the results of the evaluation exercise should not be publicised as the key objective is to obtain constructive feedback from each director to continually improve the Board's performance.

Based on the results of the evaluation exercise of the Board as a whole and each of the Board Committees as well as the performance of each director for FY2021, the NC is satisfied that all the directors have adequately carried out their duties.

REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Remuneration Committee (RC) comprises three non-executive directors, the majority of whom, including the RC Chairman, are independent directors, namely:

i Fong Yue Kwong – Chairman (Appointed on 1 May 2021)
ii Soh Ee Beng
iii Jane Kimberly Ng Bee Kiok (Appointed on 1 May 2021)

The main functions of RC as governed by its written terms of reference, which are approved by the Board, are as follows:

- recommend to the Board, for their endorsement, a general framework of remuneration for the Board and key management personnel;
- review and recommend to the Board, for their endorsement, the directors' fees for the non-executive directors of the Company to be tabled for shareholders' approval at each Annual General Meeting, the annual remuneration package for each executive director of the Company and key management personnel, which includes a performance-related variable bonus component;
- decide on the early termination compensation of executive directors and key management personnel;
- consider whether directors, key management personnel and other executives should be eligible for benefits under long-term incentive schemes; and
- administer the Pan-United Share Option Scheme and review the design of all share incentive plans for approval by the Board and shareholders.

The RC has access to expert advice in the field of executive compensation outside the Company, as and when required.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

An appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

Non-executive directors are paid directors' fees while executive directors are not paid directors' fees. The RC recommends the directors' fees to the Board annually, after taking into consideration factors such as effort, time spent, contribution, responsibilities and the level of fees of directors in similar industries. The Chairman of each Board Committee is paid a higher fee because of the greater responsibility carried by that office. The RC ensures that non-executive directors are not over-compensated to the extent that their independence may be compromised. Members of the RC do not participate in any discussions or decisions concerning their own remuneration. Directors' fees are subject to shareholders' approval at the Company's annual general meetings.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The following table shows the breakdown of the level and mix of directors' remuneration for FY2021:

Remuneration bands & name of director	Base salary/ Directors' fees	Performance-related bonus	Share options granted
Below $250,000			
Tay Siew Choon	100%	–	150,000
Patrick Ng Bee Soon	–	–	–
Ng Bee Bee	100%	–	–
Jane Kimberly Ng Bee Kiok	–	–	–
Cecil Vivian Richard Wong (Retired on 30 April 2021)	100%	–	–
Soh Ee Beng	100%	–	150,000
Fong Yue Kwong	100%	–	150,000

Mr Patrick Ng Bee Soon and Ms Jane Kimberly Ng Bee Kiok voluntarily waived the payment of the directors' fees due to each of them for FY2021.

Report On Corporate Governance (continued)

Disclosure on Remuneration (continued)

Given the sensitivity and confidentiality of remuneration matters and the highly competitive industry conditions of the Group's operations, the Company has not disclosed the exact details of the remuneration of the CEO and the directors. The Company has, however, disclosed the remuneration of the CEO and the directors in bands of $250,000. On the same token, the Company believes that the disclosure of the names, amount and breakdown of remuneration of the top five key management personnel as recommended by the Code would be disadvantageous to the Group's interests. In aggregate, the total remuneration paid to these key management personnel was $2.0 million. Based on the reasons provided, the Company wishes to continue with its current practices for the disclosure of such remuneration. The Company is of the view that the practices the Company has adopted and disclosed in this report are consistent with the intent of Principle 8 of the Code.

Except for Ms Ng Bee Bee (CEO), Mr Patrick Ng Bee Soon (Deputy Chairman, Non-Executive Director) and Ms Jane Kimberly Ng Bee Kiok (Non-Executive Director), whose remunerations have been disclosed on page 39, there is no other employee of the Group who is a substantial shareholder of the Company or an immediate family member of the CEO, a director or a substantial shareholder who was paid remuneration that exceeded $100,000 for FY2021.

The RC also reviews the Company's obligations arising in the event of termination of any executive director's and key management personnel's contract of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. There is no contractual provision in the service contracts of executive directors and key management personnel to allow the Company to reclaim incentive components from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Company.

Pan-United Share Option Scheme

The extension of the Pan-United Share Option Scheme (Scheme 2002) for another 10 years up to 18 April 2022 was approved by shareholders of the Company at the Extraordinary General Meeting held on 19 April 2012. Scheme 2002 is administered by the RC. Following its expiry, the Company will be proposing to adopt a new share incentive scheme to be known as "PUC Share Plan" to replace Scheme 2002.

Scheme 2002 allows participation by non-executive directors of the Company, its subsidiaries and associated companies. The Company does not expect that the grant of options to non-executive directors will compromise their independence as the number of options granted will not be significant. No options are granted to controlling shareholders and their associates.

Under the rules of Scheme 2002, the expiry of Scheme 2002 does not affect any options which have been granted, whether such options have been exercised (whether fully or partially) or not. Details of the share options granted pursuant to the Scheme 2002 are set out in the Directors' Statement on pages 55 and 56 of the Annual Report. In accordance with Rule 704(29) of the Listing Rules, the necessary SGXNET announcement of the FY2021 share options granted was made on 18 November 2021. Particulars of outstanding options granted to Directors under the Scheme 2002 are set out in the Letter to Shareholders dated 6 April 2022.

New PUC Share Plan

A new share incentive scheme to be known as "PUC Share Plan" (Plan 2022) would be proposed to shareholders for approval at the upcoming AGM. The Plan 2022 is intended to replace Scheme 2002. Under the Plan 2022, awards of fully-paid shares, their equivalent cash value or combinations thereof, will be granted, free of charge, to eligible participants.

The Plan 2022 is proposed with the intention to give recognition to, motivate and retain outstanding Group Employees, Non-Executive Directors, or Associated Company Employees who can contribute and/or have contributed to the growth of the Group.

Details and rationale of the Plan 2022 are set out in the Letter to Shareholders dated 6 April 2022.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Management provides the Board with management accounts and other relevant information on a timely basis to enable the Board to make a balanced and understandable assessment of the Group's performance, position and prospects.

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)). The Board complies with the relevant rules of the Listing Manual with the prompt announcements of its half year and full year unaudited financial results and other price-sensitive information via SGXNET.

The Group adopts the following approach to risk management and internal controls:

Risk Management and Internal Controls

The Audit Committee (AC) assists the Board in overseeing the Group's overall enterprise risk management framework and policies and ensures that Management maintains a sound system of risk management and internal controls to determine the nature and extent of significant risks and appropriate mitigation measures to address such risks, as well as to safeguard the Group's assets and shareholders' interests.

The Group has adopted an Enterprise Risk Management (ERM) Policy Manual which provides a framework for identification and management of significant risks to enhance its risk management capabilities. Key business risks are proactively identified, assessed, managed, reviewed and reported to AC on a regular basis.

Notwithstanding the delegation of authority to the AC, the Board continues to retain oversight over the ERM framework, and continues to work with the AC on the determination of the levels of risk tolerance and risk policies for the Group, and the oversight of Management in the design, implementation and monitoring of the adequacy and effectiveness of risk management and internal control systems.

In assessing the adequacy and effectiveness of the Group's internal control and risk management systems, the AC, under the general direction of the Board, oversees Management in putting in place appropriate policies and measures to prevent or detect fraud or errors in financial and accounting records, ensure the accuracy and completeness of financial and accounting records, ensure financial information is prepared and presented in compliance with applicable laws, regulations and internal policies, and ensure that material assets are properly safeguarded.

The Group's internal and external auditors conduct periodic and annual reviews on the adequacy and effectiveness of the Group's internal controls, including but not limited to financial, operational, compliance and information technology controls, and risk management systems. Any material non-compliance or significant weaknesses in internal controls identified are promptly brought to the attention of the AC and to senior Management for remedial actions. The AC subsequently reviews the effectiveness of the actions taken and provides updates to the Board accordingly.

The AC and the Board have received a written assurance from the CEO and the Group Head, Corporate Development, who is holding the role of Chief Financial Officer, that for FY2021, the relevant financial records of the Group have been properly maintained and the financial statements of the Group, prepared in accordance with SFRS(I), presented a true and fair view of the state of affairs of the Group's operations and finances and the Group's risk management and internal control systems, including but not limited to financial, operational, compliance and information technology controls, in place were adequate and effective and also provided a reasonable assurance that assets were safeguarded against unauthorised loss or disposition.

Based on the systems of risk management and internal controls established and maintained by the Group, works performed and reports by the internal and external auditors and the above written assurance, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls systems, including the financial, operational, compliance and information technology risk management, are effective and also adequate.

The Board and the Audit Committee are also responsible for (a) monitoring the Company's risk of becoming subject to, or violating, any Sanction Law; and (b) ensuring timely and accurate disclosures to SGX-ST and other relevant authorities. The Company will inform shareholders on any sanction-related risks on the Company, the impact of such risk on the financials and operations of the Group, if any, and also the cessation of sanctions-related risk via announcement to SGXNET.

The Board takes the view that the systems of risk management and internal controls provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board is aware that the risk landscape applicable to the Group and its businesses is constantly evolving, for which the risk management and internal controls may need to be adjusted accordingly from time to time, and that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, fraud and other irregularities.

Key Risks facing the Group

The Group is vulnerable to a number of risks applicable to the industries and the areas in which it operates. The Group's approach to financial risk management is listed on page 102 to page 106 of the Annual Report. The following are some of the other key risks which could materially and adversely affect the Group's businesses, financial conditions or results of operation.

COVID-19 Pandemic

Management has implemented several measures to minimise the impact of COVID-19 on the businesses of the Group. These measures included enabling employees to work from home and remote access to office email to ensure the day-to-day operations of the Group remain active and at the same time remain in contact with the stakeholders through online meetings and email communications. In addition, meetings of the Board of Directors and the Board committees are conducted virtually, utilising the available technology. As the COVID-19 situation stabilises with global and domestic restrictions easing, Management will continue to ensure appropriate safeguards are in place to ensure minimal disruption to the Group's operations.

Business risk

Concrete & Cement

The Concrete and Cement (C&C) division is exposed to changes in demand and selling prices of basic building materials, mainly for the construction industry. On the supply side, it is exposed to any disruption to raw material supplies and increases in raw material prices. The C&C division responds to the risks by managing its operational costs and having diversified sources of raw materials.

Report On Corporate Governance (continued)

Risk Management and Internal Controls (continued)

Trading and Shipping

The Trading and Shipping division is exposed to changes in demand for cargoes, such as coal and gypsum, in China and the Southeast Asia region. It is also subjected to the risk of cargo quality. To help manage these risks, the division maintains good working relationships with cargo suppliers and customers and adopt a lean cost structure through cost and credit management measures.

Operational risk

Operational risk refers to potential loss resulting from a breakdown of internal processes, deficiencies in people and management or operational failure arising from external events. The operational risk management process instituted in the Group is to minimise unexpected losses and manage expected losses. This process is supported by a team of experienced management staff and key personnel who plays a critical role in enhancing the Group's operational risk management process.

Investment risk

The Group expands its business through organic growth of its core businesses and acquisitions of business entities. Investment activities are evaluated through the performance of due diligence exercises. All new business proposals are reviewed by the Group's senior Management and executive directors before obtaining the Board's approval.

Information technology risk

The Group has implemented information technology (IT) management controls and leading practice security controls, so as to ensure an appropriate level of security awareness at all times by users of the Group's IT systems. The Group continues to have regular engagement with all employees on cybersecurity matters to help maintain awareness.

The Group has put in place appropriate policies and controls to manage the risk of data privacy breaches.

Sanctions-related risk

The Group may be, or may become exposed to various sanctions-related risks through various means such as sanctions-related law or regulation.

The Group will formalise its internal control systems to monitor, address and mitigate sanctions-related risk.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The Audit Committee comprises three non-executive directors, the majority of whom, including the AC Chairman, are independent directors, namely:

i Soh Ee Beng – Chairman (Appointed on 1 May 2021)
ii Tay Siew Choon
iii Jane Kimberly Ng Bee Kiok (Appointed on 1 May 2021)

The Board is of the view that the AC members, having recent and relevant accounting and related financial management expertise and experience, are appropriately qualified to discharge their responsibilities. None of the members of the AC is a former partner or director of the Company's external auditor, Ernst & Young LLP, within the past two years, or has any financial interest in the audit firm.

The AC meets at least four times a year. The AC performs the functions as set out in the Code including the following:

- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- review the adequacy and effectiveness of the Group's systems of accounting, internal controls and risk management;
- review, on an annual basis, the independence of the internal and external auditors and makes recommendation to the Board on the remuneration, terms of engagement and nomination of the external auditor;
- review the overall adequacy, effectiveness, independence, scope and results of both internal and external audits, and the assistance given by Management to the auditors;
- review the Company's whistle-blowing policy and to ensure that arrangements are in place for concerns about possible improprieties in matters of financial reporting or other matters to be raised and independently investigated, and for appropriate follow-up actions to be taken;
- oversee the quality and integrity of the accounting, auditing, internal controls, financial practices of the Group, and its exposure to risks of a regulatory, legal or business nature;
- review the Group's programme to monitor compliance with its legal, regulatory and contractual obligations;
- review the quarterly financial statements of the Group as well as the auditors' reports; and
- meet with the internal and external auditors annually, without the presence of Management, to discuss the results of their respective audit findings and their evaluation of the Group's systems of accounting, internal controls and risk management.

Since FY2014, the AC, with the approval of the Board, assumed the function of the Board Risk Committee to oversee the Group's enterprise risk management framework and policies.

The AC is empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention, with full access to records, resources and personnel, to enable it to discharge its functions properly. It has full access to and co-operation of Management, and the internal auditor, and has full discretion to invite any director or executive officer to attend its meetings.

During the year, the key activities of the AC included the following:

- reviewed and recommended to the Board the half year and full year financial results related SGX announcements;
- reviewed and evaluated with internal and external auditors, the adequacy and effectiveness of internal controls systems, including financial, operational, compliance and information technology controls;
- reviewed and approved the internal and external audit plans to ensure the adequacy of the audit scope;
- reviewed with internal auditor the audit reports and their recommendations and timely implementation of any improvement measures;
- reviewed the independence, adequacy and effectiveness of the Group's internal audit function, including the adequacy of internal audit resources and its appropriate standing within the Group;
- reviewed with external auditor the key areas of audit emphasis, periodic updates on changes in accounting standards and treatment, independence, fraud considerations and summary of audit differences;
- reviewed the enterprise risk management reports, its mitigation factors and updates;
- reviewed whistle-blowing investigations and ensuring appropriate follow-up actions, if required, including clearly communicating to the employees, the existence of the whistle-blowing policy and procedures for raising such concerns;
- reviewed Interested Person Transaction under Chapter 9 of SGX Listing Manual;
- reviewed and recommended to the Board the proposed dividends for financial year ended 31 December 2021;
- reviewed the assurance from the CEO and Group Head, Corporate Development on the financial records and financial statements;
- met with external and internal auditors without the presence of Management;
- reviewed and recommended the re-appointment, remuneration and terms of engagement of external auditor and was satisfied with the audit fees paid to the auditor; and
- reviewed the non-audit fee of the external auditor. There were no non-audit fees paid to the external auditor for FY2021.

In the review of the financial statements for FY2021, the AC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor of the Company and were reviewed by the AC:

Significant matters	AC's commentary
Impairment of goodwill	The AC considered the approach and methodology applied by Management to the valuation model for the goodwill impairment assessment, including the key assumptions related to future market and economic conditions such as economic growth, discount rate, revenue and margin estimates. The AC was satisfied that the approach and methodology used by Management were appropriate. The impairment of goodwill was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in the Auditor's Report on page 57.
Impairment assessment of trade receivables	The AC considered the approach and methodology used by Management in the evaluation of the Group's trade receivables for impairment, including judgement in estimating the expected credit loss. The AC was satisfied that the approach and methodology used by Management were appropriate. The impairment assessment of trade receivables was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in the Auditor's Report on page 58.

External Audit

The AC has conducted a review of the non-audit services provided by the external auditor, Ernst & Young LLP (EY), and is satisfied that the independence of EY is not affected by such non-audit services. The aggregate amount of audit services payable to EY for FY2021 is disclosed in note 5 to the financial statements on page 81 of the Annual Report. There were no non-audit fees payable to EY for FY2020 and FY2021. Having also reviewed and considered EY's audit quality indicators data, the AC recommends to the Board the re-appointment of EY as the external auditor of the Company for the financial year ending 31 December 2022.

With regards to the proposed re-appointment of the external auditor, the AC is satisfied that the Company has complied with the SGX Listing Rules 712 and 715. In addition, the AC is satisfied that the Company has complied with Rule 715 of the SGX Listing Rules regarding the audit of the Company's foreign subsidiaries and associate for FY2021.

Internal Audit

PricewaterhouseCoopers LLP (PwC), a reputable firm of international public accountants, has been appointed as internal auditor (IA) of the Group since September 2010. Given its pool of specialists in IT, risk management and internal controls, the AC is satisfied that the IA is independent, effective and adequately staffed with persons of the relevant qualification and experience.

Report On Corporate Governance (continued)

Audit Committee (continued)

The IA's primary reporting line is to the AC Chairman directly although the IA also reports administratively to the CEO. The IA reports their findings and recommendations directly to the AC. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

Under its terms of reference, the AC reviews and approves the internal audit plan. The AC also reviews the independence, adequacy and effectiveness of the internal audit function. The AC has re-appointed PwC as the Group's IA for FY2022.

Whistle-Blowing Policy

The Company has in place a whistle-blowing policy which provides a channel for employees and other persons to raise their concerns in confidence directly to the AC Chairman on possible improprieties, misconduct or wrongdoings concerning financial reporting or other matters. This policy is under the direct supervision and oversight of the AC, led by the AC Chairman. The AC will treat all information received confidentially and protect the identity of all whistle-blowers, unless as required by the law to reveal to parties such as law enforcement officers or investigators. The AC is also committed to ensuring that whistle-blowers will be treated fairly, and protected against detrimental or unfair treatment for whistle-blowing in good faith. Details of this policy and the procedures for raising concerns have been disseminated and made available to all employees. This policy is also available on the Company's employee intranet.

All whistle-blowing complaints, if any, will be independently investigated and appropriate remedial actions will be taken promptly. The AC, which is responsible for the overseeing and monitoring of whistle-blowing, reviews and ensures that independent investigations and any appropriate follow-up actions are carried out. The AC is satisfied that arrangements are in place for independent investigation and appropriate action. During FY2021, there were no whistle-blowing incidents received.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder rights and conduct of general meetings

Principle 11: The Company treats all shareholders fairly and equitably, in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET.

At the Company's general meetings, shareholders are given the opportunity to express their views and ask questions regarding the Group's financial statements and its businesses. All the directors attend the Company's general meetings. The Chairman of respective Board Committees is present and available to address questions at these meetings. The external auditor is also present to assist the directors in addressing any relevant queries by shareholders.

Shareholders are also informed of rules, including voting procedures that govern the general meetings.

All resolutions put to every general meeting of the Company are voted separately unless the resolutions are interdependent and linked so as to form one significant proposal.

The Company put all resolutions to vote by electronic poll at the general meetings. An independent scrutineer is appointed to count and validate the votes cast at the meetings. Detailed results showing the number of votes cast for and against each resolution and the respective percentage will be displayed live-on-screen to shareholders/proxies immediately after each poll is conducted. The shareholders are briefed on the voting procedures and how to vote for and against each resolution using the electronic hand-held device. The scrutineer will conduct a test poll to vote on a test resolution to familiarise the shareholders with the voting procedures and the electronic hand-held device. After the Company's general meetings, the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET.

The Constitution allows shareholders of the Company to appoint up to two proxies to attend and vote on their behalf. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each annual general meeting. The Company is not implementing absentia voting methods, such as voting by mail, email, fax, etc., until the security and integrity issues are satisfactorily resolved.

The Annual General Meeting (AGM) 2021 was convened and held by electronic means on 30 April 2021, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the Order). The alternative arrangements put in place for the conduct of the AGM 2021 included (a) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream; (b) submission of questions to the Company in advance of the AGM; (c) addressing substantial and relevant questions received prior to and at the AGM and (d) voting at the AGM by appointing the Chairman of the AGM as proxy at the AGM.

In consideration of the ongoing COVID-19 situation in Singapore, the forthcoming AGM 2022 will also be convened and held by electronic means on 22 April 2022 pursuant to the Order. Shareholders are invited to participate at our virtual AGM 2022 and the same alternative arrangements for the AGM will be put in place. Details of the steps for pre-registration, submission of questions and voting at the AGM 2022 by shareholders are set out in a separate announcement released on SGXNET on 6 April 2022.

The company secretary prepares minutes of general meetings, which incorporate substantial comments or queries and questions from shareholders and responses from the Board and Management, where relevant. The minutes are published on its corporate website. At the immediate past AGM, in compliance with the requirements stipulated in the Order, the Company published the minutes of its AGM held on 30 April 2021 on SGXNET within a month after the AGM.

The Company has a dividend policy in place which is to distribute, subject to projected funds requirements, not less than one third of its annual attributable profits to our shareholders as dividends. Any payouts are clearly communicated to shareholders via announcements on SGXNET when the Company discloses its financial results.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Company does not practise selective disclosure. Price-sensitive announcements and financial results announcements are released via SGXNET and posted on the Company's website immediately thereafter. Shareholders are encouraged to sign up for the Email Alerts at the Company's corporate website, www.panunited.com.sg, to receive the Company's SGXNET announcements automatically via email.

On 7 February 2020, the SGX's rule on risk-based quarterly reporting came into effect, whereby listed companies may, unless otherwise required by SGX, report their results semi-annually. Accordingly, the Company has moved to semi-annual reporting of its financial performance with effect from FY2020.

The Company conducts analyst briefings to maintain regular dialogue with shareholders as well as to solicit and understand the views of shareholders. The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communications with shareholders. The investor relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

The annual reports, sustainability reports and other communications to the shareholders, such as Notices of Annual General Meeting, Letters to Shareholders, Circulars and Proxy Forms, are published on the Company's corporate website and also made available on the SGX website.

Report On Corporate Governance (continued)

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Board adopts a balanced approach towards the needs and interests of key stakeholders to ensure that the business interests are aligned with those of the stakeholders, to understand and address concerns so as to improve services and products' standards and to sustain long-term growth and relationships.

The stakeholders are identified by assessing their reliance on, involvement with, and influence on our business. Five stakeholders groups, namely customers, investors/shareholders, employees, regulators/governments and suppliers/sub-contractors have been identified. The table below shows the key areas of focus and our strategy in relation to the management of stakeholder relationships during the year.

Stakeholders	Interests/key concerns of stakeholders	Our response	Method	Frequency
Customers	• Quality of products and services • Customers' requirement • Research & Development (R&D) collaborations	• Ensure high levels of customer service • Frequent communication to understand requirements and changing demands	• Customer feedback • Meetings	• On-going
Investors/ Shareholders	• Performance reviews • Group financial results • Dividend payouts • Any matters affecting the Group	• Provision of semi-annual announcements and investor-related information on the company website • Annual report, Sustainability report and other communications such as notices and letters to shareholders, and Proxy Forms on the company website • Shareholder participation at general meetings	• Annual General Meeting • Annual report • Sustainability report • Extraordinary General Meeting • SGX announcements • Corporate website and social media • Email alerts	• Annual • Ad-hoc • On-going
Employees	• Workplace health and safety • Employee's welfare • Training and career development	• Employee wellness talks, health screenings etc. • Employee training and development • Alternative work arrangements during COVID-19 period	• Annual dinner • Staff meetings and discussions • Training programmes • Internal emails • Employee intranet	• Annual • Ad hoc • On-going
Regulators/ Government	• Environmental compliance • Labour standard compliance • SGX listing requirements	• Collaborations to ensure compliance and achieve high ratings whenever possible	• On-site inspections and visits • Meetings • Government publications	• On-going
Suppliers/ Sub-contractors	• Product quality and delivery schedules • Health and safety	• Regular meetings to exchange feedback and areas of concern	• Meetings • Emails	• On-going

The Company maintains a current corporate website, www.panunited.com.sg, to communicate and engage with its stakeholders. The comprehensive website, which is updated regularly, contains various information on the Group which serves as an important resource for investors and all stakeholders. It has a dedicated "Investors" link which features the latest and past annual reports, sustainability reports, announcements, latest AGM notice and proxy form.

OTHER CORPORATE GOVERNANACE MATTERS

Listing Rule 1207(19) - Dealings in Securities

The Company has implemented a policy which prohibits key executives of the Group and directors of the Company from dealing in the Company's shares for short-term considerations as well as during the period commencing one month before the announcement of the Company's half year and full year financial results. In addition, directors and employees are made aware that insider trading laws are applicable at all times. The Company issues semi-annual reminders to its directors, relevant officers and employees on the restrictions in dealings in the Company's shares as set out above, in compliance with Rule 1207(19) of the SGX-ST Listing Manual.

Material contracts

There were no material contracts of the Company or its subsidiaries, involving the interests of any director or controlling shareholder, entered into since the end of the previous financial year.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis. Currently, there is no shareholders' mandate for interested person transaction pursuant to Rule 920 of the Listing Manual of the SGX-ST.

There were no material interested person transactions as defined in Chapter 9 of the SGX Listing Manual, entered into by the Company or the Group during FY2021.

On behalf of the Board of Directors,

Tay Siew Choon
Chairman

Ng Bee Bee
Chief Executive Officer

Singapore
25 March 2022

Report On Corporate Governance (continued)

THE INFORMATION REQUIRED UNDER RULE 720(6) AND APPENDIX 7.4.1 OF THE SGX-ST LISTING MANUAL IN RESPECT OF DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING ON 22 APRIL 2022 IS SET OUT BELOW

Name of Director	**Ng Bee Bee**	**Soh Ee Beng**
Date of Appointment	31 January 2004	17 December 2018
Date of last re-appointment	29 April 2019	29 April 2019
Age	54	53
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	N.A.	N.A.
Whether appointment is executive, and if so, the area of responsibility	Yes Ms Ng Bee Bee is responsible for the overall management of the Group.	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer Executive Committee Member	Independent Director Audit Committee Chairman Nominating Committee Member Remuneration Committee Member
Professional qualifications	Bachelor of Arts Honours degree	Bachelor of Accountancy degree with First Class Honours

Name of Director	**Ng Bee Bee**	**Soh Ee Beng**
Working experience and occupation(s) during the past 10 years	2004 – current Executive Director of the Company 2011 – current Chief Executive Officer of the Company	2018 – current Independent Director of the Company 2017 – 2020 Independent Director of Xinghua Port Holdings Ltd 2013 – 2018 Managing Director and Head of Advisory for South East Asia at The Hongkong and Shanghai Banking Corporation Ltd 2008 - 2012 Managing Director and Head of Investment Banking of N M Rothschild & Sons (Singapore) Ltd
Shareholding interest in the listed issuer and its subsidiaries	Ms Ng Bee Bee has deemed interests of 408,375,002 shareholdings in the Company, comprising the shareholdings of BOS Trustee Limited held under nominee's account (207,000,000 shares), shares in the joint names of Mr Ng Han Whatt, Ms Jane Kimberly Ng Bee Kiok and Ms Ng Bee Bee (191,250,000 shares) and shares held by her nominees (10,125,002 shares).	Mr Soh Ee Beng has a direct interest of 150,000 shareholdings in the Company.
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	Ms Ng Bee Bee is the sister of : Mr Ng Han Whatt (substantial shareholder), Mr Patrick Ng Bee Soon (Deputy Chairman and substantial shareholder) and Ms Jane Kimberly Ng Bee Kiok (Non-Executive Director and substantial shareholder). She is also a substantial shareholder of the Company.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Report On Corporate Governance (continued)

THE INFORMATION REQUIRED UNDER RULE 720(6) AND APPENDIX 7.4.1 OF THE SGX-ST LISTING MANUAL IN RESPECT OF DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING ON 22 APRIL 2022 IS SET OUT BELOW

Name of Director	Ng Bee Bee	Soh Ee Beng
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Changshu Xinghua Port Co. Ltd Singapore Changshu Development Company Pte Ltd Xinghua Port Holdings Pte Ltd Mercatus Co-operative Ltd	Xinghua Port Holdings Ltd
Present	Blue Marble Sustainability Technologies Pte Ltd FICO Pan-United Concrete Joint Stock Company Fortis Star Sdn Bhd GoTruck Pte Ltd GoTruck Holdings Pte Ltd Meridian Maplestar Sdn Bhd PanU Harmony Pte Ltd Pan-United Concrete Pte Ltd Pan-United Industries Pte Ltd Pan-United Technologies Pte Ltd Raffles Cement Pte Ltd Raffles Concrete Pte Ltd United Bulk Shipping Pte Ltd United Cement Pte Ltd Singapore Technologies Engineering Ltd NTUC Enterprise Co-operative Ltd	Nil

Name of Director	Ng Bee Bee	Soh Ee Beng
Information required pursuant to Listing Rule 704(7)		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

Report On Corporate Governance (continued)

THE INFORMATION REQUIRED UNDER RULE 720(6) AND APPENDIX 7.4.1 OF THE SGX-ST LISTING MANUAL IN RESPECT OF DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING ON 22 APRIL 2022 IS SET OUT BELOW

Name of Director	Ng Bee Bee	Soh Ee Beng
Information required pursuant to Listing Rule 704(7)		
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of : -		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	Mr Soh Ee Beng was the Independent Non-Executive Director of Xinghua Port Holdings Ltd (XPH), a company then listed on the Main Board of The Stock Exchange of Hong Kong Limited, but was subsequently delisted on 20 November 2020. In November 2018, one of XPH's subsidiaries, which was incorporated in the People's Republic of China, was fined for a breach of safety regulations. The investigations involved and the penalty imposed were related to that subsidiary and certain employees but not imposed on Mr Soh.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has ever been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Pan-United Corporation Ltd (the Company) and its subsidiaries (collectively, the Group) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

1. Opinion of the Directors

In the opinion of the directors,

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

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

2. Board of Directors

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

Tay Siew Choon	–	Chairman, Independent Director
Patrick Ng Bee Soon	–	Deputy Chairman, Non-Executive Director
Ng Bee Bee	–	Chief Executive Officer
Jane Kimberly Ng Bee Kiok	–	Non-Executive Director
Soh Ee Beng	–	Independent Director
Fong Yue Kwong	–	Independent Director

3. Arrangements to Enable Directors to Acquire Shares and Debentures

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

4. Directors' Interests in Shares and Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company and related corporations as stated below:

	Direct interest			Deemed interest		
Name of director	At the beginning of financial year or date of appointment	At the end of financial year	At 21 January 2022	At the beginning of financial year or date of appointment	At the end of financial year	At 21 January 2022
The Company						
Pan-United Corporation Ltd						
(ordinary shares)						
Tay Siew Choon	1,037,500	1,037,500	1,037,500	–	–	–
Patrick Ng Bee Soon	34,962,037	34,962,037	34,962,037	–	–	–
Ng Bee Bee	–	–	–	408,375,002*	408,375,002*	408,375,002*
Jane Kimberly Ng Bee Kiok	–	–	–	408,809,502*	408,809,502*	408,809,502*
Soh Ee Beng	–	–	150,000	–	–	–

* These include 191,250,000 ordinary shares held as joint shareholders.

	Direct interest			Deemed interest		
Name of director	At the beginning of financial year	At the end of financial year	At 21 January 2022	At the beginning of financial year	At the end of financial year	At 21 January 2022
(options to subscribe for ordinary shares)						
Tay Siew Choon	763,600	750,000	750,000	–	–	–
Soh Ee Beng	150,000	300,000	150,000	–	–	–
Fong Yue Kwong	–	150,000	150,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act 1967, Ms Ng Bee Bee and Ms Jane Kimberly Ng Bee Kiok are deemed to have an interest in the shares of the subsidiaries of the Company to the extent that the Company has interest.

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

5. Options

The extension of the Pan-United Share Option Scheme (Scheme 2002), which was approved by shareholders of the Company at the Extraordinary General Meeting held on 19 April 2012, will expire on 18 April 2022.

Under the Scheme 2002, the options granted prior to its expiry date and outstanding as at 31 December 2021 are as follows:

Date granted	Exercise price/ Adjusted exercise price*	Exercise period	Number of share options At 31 December 2021
15/11/2012	$0.62/0.39	15/11/2013 - 14/11/2022	426,400
20/11/2013	$0.91/0.58	20/11/2014 - 19/11/2023	1,200,900
19/11/2014	$0.80/0.51	19/11/2015 - 18/11/2024	1,222,700
19/11/2015	$0.55/0.35	19/11/2016 - 18/11/2025	1,022,200
11/11/2016	$0.55/0.35	11/11/2017 - 10/11/2026	1,190,600
08/12/2017	$0.55/0.35	08/12/2018 - 07/12/2022	150,000
08/12/2017	$0.55/0.35	08/12/2018 - 07/12/2027	1,380,000
16/11/2018	$0.27	16/11/2019 - 15/11/2023	150,000
16/11/2018	$0.27	16/11/2019 - 15/11/2028	975,000
19/11/2019	$0.345	19/11/2021 - 18/11/2024	150,000
19/11/2019	$0.345	19/11/2021 - 18/11/2029	1,885,000
10/11/2020	$0.28	10/11/2021 - 09/11/2025	300,000
10/11/2020	$0.28	10/11/2021 - 09/11/2030	1,892,000
18/11/2021	$0.31	18/11/2022 - 17/11/2026	450,000
18/11/2021	$0.31	18/11/2022 - 17/11/2031	2,050,000
			14,444,800

* The adjustments have been made in accordance with the rules of the Scheme 2002 in conjunction with the discontinued operations of the Port business, under Xinghua Port Holdings Ltd (Xinghua), which was de-merged on 7 February 2018, as a separate entity through a capital reduction of the Company and a distribution in specie of all the shares in Xinghua, held by the Company, to its shareholders.

During the financial year ended 31 December 2021, the Company has granted 450,000 options to non-executive directors of the Company and 2,050,000 options to certain employees of the Group, at the exercise price of $0.31. Details of these options granted are as follows:

Exercisable date	Expiry date	Number of options
18/11/2022	17/11/2026	450,000
18/11/2022	17/11/2031	615,000
18/11/2023	17/11/2031	615,000
18/11/2024	17/11/2031	820,000
		2,500,000

Directors' Statement (continued)

5. Options (continued)

No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.

Pursuant to Rule 852 of the Listing Manual of Singapore Exchange Securities Trading Limited, it is reported that during the financial year:

(i) the Scheme 2002 is administered by the Remuneration Committee, comprising three directors, Mr Fong Yue Kwong (Chairman), Mr Soh Ee Beng and Ms Jane Kimberly Ng Bee Kiok;

(ii) the options granted under the Scheme 2002 were granted without any discount; and

(iii) no options have been granted to controlling shareholders or their associates and no employee received 5% or more of the total options available under Scheme 2002.

No director is involved in discussions or decisions in respect of any remuneration, options or any form of benefits to be granted to him/her.

Details of options granted and exercised under Scheme 2002 for directors of the Company are as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of Scheme 2002 to the end of financial year	Aggregate options exercised since commencement of Scheme 2002 to the end of financial year	Aggregate options lapsed since commencement of Scheme 2002 to the end of financial year	Aggregate options outstanding as at the end of financial year
Tay Siew Choon	150,000	2,534,400	(830,000)	(954,400)	750,000
Soh Ee Beng	150,000	300,000	–	–	300,000
Fong Yue Kwong	150,000	150,000	–	–	150,000
	450,000	2,984,400	(830,000)	(954,400)	1,200,000

6. Audit Committee

The Audit Committee (AC) carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. The functions performed are detailed in the Report on Corporate Governance.

The AC has recommended to the Board of Directors the re-appointment of Ernst & Young LLP as the external auditor of the Company for the financial year ending 31 December 2022.

7. Auditor

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

On behalf of the Board of Directors,

Tay Siew Choon
Chairman

Ng Bee Bee
Chief Executive Officer

Singapore
25 March 2022

Independent Auditor's Report

For the Financial Year ended 31 December 2021

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pan-United Corporation Ltd (the Company) and its subsidiaries (collectively, the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (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.

Impairment of Goodwill

The Group had goodwill arising from past acquisition of PT. Pacific Granitama. Impairment charges had been recognised in prior period. Based on the annual impairment testing, the Group recorded an impairment loss of $2.1 million in 2021. In determining the recoverable amount of the cash-generating unit to which goodwill had been allocated to, the Group used the value-in-use calculations based on key assumptions related to future market and economic conditions such as economic growth, discount rate, revenue and margin estimates. Impairment assessment of goodwill involves significant management judgement about future results of the Group's business and there is estimation uncertainty related to projection of future cash flows. In addition, there was an increase in the level of estimation uncertainty in determining the key assumptions arising from the volatility in market and economic conditions brought on by the ongoing COVID-19 pandemic. Accordingly, we identified this as a key audit matter.

Our audit procedures included, amongst others, evaluating the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results and considering the latest industry outlook and historical data. We discussed the impact of the ongoing COVID-19 pandemic on PT. Pacific Granitama's operations with management to understand the basis for the key assumptions, such as revenue and margin estimates, used in the value-in-use calculations. We involved our internal specialist to assist us in evaluating the appropriateness of the goodwill impairment test performed by Group management. We also performed sensitivity analysis by considering the downside scenarios against reasonably plausible changes to certain key assumptions used in the Group's value-in-use calculations, including considerations of the impact of the ongoing COVID-19 pandemic.

We assessed the adequacy of the disclosures in Note 12 to the financial statements, including those key assumptions to which the outcome of the impairment test was most sensitive.

Independent Auditor's Report (continued)

Impairment Assessment of Trade Receivables

As at 31 December 2021, gross trade receivables of the Group and allowance for expected credit losses (ECL) amounted to $124.2 million and $2.0 million respectively. Trade receivables were significant to the Group as they represented 31% of the Group's total assets. The collectability of these trade receivables was a key element of the Group's working capital management and was managed on an ongoing basis by the management. The Group's process to measure loss allowance involves the use of significant management's estimates and assumptions about the risk of default and expected loss rates, which is based on the Group's historical credit loss experience, existing market conditions as well as forward-looking estimates at the end of each reporting period. In addition, there was an increase in the level of estimation uncertainty in determining the key assumptions arising from the volatility in market and economic conditions brought on by the ongoing COVID-19 pandemic. Accordingly, we identified this as a key audit matter.

Our audit procedures included, amongst others, obtaining an understanding of the Group's processes and related controls on the monitoring of the collectability of trade receivables as well as considering the impact of the ongoing COVID-19 pandemic on the ageing profile of outstanding trade receivables. We requested trade receivable confirmations from major debtors and assessed their collectability by evaluating receipts after year-end. We also assessed management's determination of the expected impairment loss for overdue trade receivables through analysis of the ageing of outstanding receivables and assessment of significant overdue individual trade receivables and specific customer profile and risks.

We assessed the Group's provisioning policy, which include testing whether the ECL provision is in accordance with SFRS(I) 9 by comparing against historical collection data and forward-looking information. We inquired and obtained explanations from management of the adjustments made to the key assumptions in response to the heightened level of estimation uncertainty.

We assessed the adequacy of the disclosures on the Group's trade receivables and its credit risk management process in Notes 17 and 34c 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.

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 Ong Beng Lee, Ken.

Ernst & Young LLP
Public Accountants and Chartered Accountants

Singapore
25 March 2022

Consolidated Income Statement

For the Financial Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Revenue	4	**586,872**	405,024
Other income	5a	**5,707**	7,344
Raw materials, subcontract costs and other direct costs		**(459,833)**	(320,194)
Staff costs	6	**(47,549)**	(32,547)
Depreciation and amortisation expenses		**(23,338)**	(23,840)
Other expenses	5b	**(41,727)**	(30,845)
Finance costs	7	**(2,335)**	(3,497)
Share of results of associate		**5,275**	289
Profit before tax	5	**23,072**	1,734
Income tax expense	8	**(4,215)**	(220)
Profit for the year		**18,857**	1,514
Attributable to			
Equity holders of the Company		**18,686**	1,036
Non-controlling interests		**171**	478
		18,857	1,514
Earnings per share (cents per share)			
Basic	9	**2.67**	0.15
Diluted	9	**2.67**	0.15

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement Of Comprehensive Income

For the Financial Year ended 31 December 2021

	2021 $'000	2020 $'000
Profit for the year	**18,857**	1,514
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Foreign currency translation	**(99)**	(293)
Fair value changes of derivatives	**1,419**	(738)
Fair value changes of other investment	**–**	(152)
Remeasurement of employee benefits obligation	**350**	(74)
Other comprehensive income for the year, net of tax	**1,670**	(1,257)
Total comprehensive income for the year	**20,527**	257
Attributable to		
Equity holders of the Company	**20,101**	(95)
Non-controlling interests	**426**	352
Total comprehensive income for the year	**20,527**	257

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000
Non-current assets			
Property, plant and equipment	10	**166,202**	174,291
Intangible assets	12	**6,651**	6,467
Associate	14	**4,335**	3,677
Other investment	15	**3**	3
Other receivables	17	**151**	145
Deferred tax assets	25	**1,240**	976
		178,582	185,559
Current assets			
Inventories	16	**23,673**	23,908
Prepayments		**1,620**	1,596
Trade and other receivables	17	**125,474**	116,825
Other assets	18	**2,869**	6,867
Derivatives	26	**328**	–
Cash and cash equivalents	19	**64,149**	67,558
		218,113	216,754
Current liabilities			
Loans and borrowings	20	**21,440**	44,878
Lease liabilities	21	**6,127**	4,808
Payables and accruals	22	**98,369**	77,897
Deferred income	23	**–**	1,562
Provisions	24	**1,342**	1,090
Income tax payable		**5,179**	574
Derivatives	26	**9**	1,100
		132,466	131,909
Net current assets		**85,647**	84,845
Non-current liabilities			
Loans and borrowings	20	**25,184**	42,503
Lease liabilities	21	**13,248**	11,422
Deferred tax liabilities	25	**6,321**	7,345
Employee benefits liability	27	**1,644**	1,732
Provisions	24	**4,353**	4,402
		50,750	67,404
Net assets		**213,479**	203,000
Equity attributable to equity holders of the Company			
Share capital	28a	**12,645**	12,645
Treasury shares	28b	**(780)**	(295)
Reserves		**193,206**	182,339
		205,071	194,689
Non-controlling interests		**8,408**	8,311
Total equity		**213,479**	203,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Company 2021 $'000	Company 2020 $'000
Non-current assets			
Property, plant and equipment	10	**67**	57
Intangible assets	12	**370**	370
Subsidiaries	13	**92,552**	92,552
		92,989	92,979
Current assets			
Prepayments		**60**	91
Other receivables	17	**43,184**	35,310
Derivatives	26	**328**	–
Cash and cash equivalents	19	**39,594**	38,560
		83,166	73,961
Current liabilities			
Loans and borrowings	20	**–**	19,947
Payables and accruals	22	**52,507**	33,508
Deferred income	23	**–**	88
Income tax payable		**97**	48
Derivatives	26	**9**	1,100
		52,613	54,691
Net current assets		**30,553**	19,270
Net assets		**123,542**	112,249
Equity attributable to equity holders of the Company			
Share capital	28a	**12,645**	12,645
Treasury shares	28b	**(780)**	(295)
Reserves		**111,677**	99,899
Total equity		**123,542**	112,249

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Changes In Equity

For the Financial Year ended 31 December 2021

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital (Note 28a) $'000	Treasury shares (Note 28b) $'000	Foreign currency translation reserve (Note 30) $'000	Retained earnings $'000	Other reserves (Note 29) $'000	Total reserves $'000	$'000	$'000
Group 2021								
Balance at 1 January 2021	12,645	(295)	(1,425)	147,194	36,570	182,339	8,311	203,000
Profit for the year	–	–	–	18,686	–	18,686	171	18,857
Other comprehensive income								
Foreign currency translation	–	–	(284)	–	–	(284)	185	(99)
Fair value changes of derivatives	–	–	–	–	1,419	1,419	–	1,419
Remeasurement of employee benefits obligation	–	–	–	280	–	280	70	350
Other comprehensive income for the year, net of tax	–	–	(284)	280	1,419	1,415	255	1,670
Total comprehensive income for the year	–	–	(284)	18,966	1,419	20,101	426	20,527
Contributions by and distributions to equity holders								
Share-based payment (share options) (Note 6)	–	–	–	–	28	28	–	28
Purchase of treasury shares	–	(705)	–	–	–	–	–	(705)
Reissuance of treasury shares	–	220	–	–	(139)	(139)	–	81
Dividends on ordinary shares (Note 37)	–	–	–	(9,123)	–	(9,123)	–	(9,123)
Total transactions with equity holders in their capacity as equity holders	–	(485)	–	(9,123)	(111)	(9,234)	–	(9,719)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(329)	(329)
Balance at 31 December 2021	12,645	(780)	(1,709)	157,037	37,878	193,206	8,408	213,479

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital (Note 28a) $'000	Treasury shares (Note 28b) $'000	Foreign currency translation reserve (Note 30) $'000	Retained earnings $'000	Other reserves (Note 29) $'000	Total reserves $'000	$'000	$'000
Group 2020								
Balance at 1 January 2020	12,645	(957)	(1,243)	153,932	37,939	190,628	8,261	210,577
Profit for the year	–	–	–	1,036	–	1,036	478	1,514
Other comprehensive income								
Foreign currency translation	–	–	(182)	–	–	(182)	(111)	(293)
Fair value changes of derivatives	–	–	–	–	(738)	(738)	–	(738)
Fair value changes of other investment	–	–	–	–	(152)	(152)	–	(152)
Remeasurement of employee benefits obligation	–	–	–	(59)	–	(59)	(15)	(74)
Other comprehensive income for the year, net of tax	–	–	(182)	(59)	(890)	(1,131)	(126)	(1,257)
Total comprehensive income for the year	–	–	(182)	977	(890)	(95)	352	257
Contributions by and distributions to equity holders								
Share-based payment (share options) (Note 6)	–	–	–	–	(44)	(44)	–	(44)
Reissuance of treasury shares	–	662	–	–	(435)	(435)	–	227
Dividends on ordinary shares (Note 37)	–	–	–	(7,715)	–	(7,715)	–	(7,715)
Total transactions with equity holders in their capacity as equity holders	–	662	–	(7,715)	(479)	(8,194)	–	(7,532)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(302)	(302)
Balance at 31 December 2020	12,645	(295)	(1,425)	147,194	36,570	182,339	8,311	203,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Changes In Equity (continued)
For the Financial Year ended 31 December 2021

	Attributable to equity holders of the Company					Total equity
	Share capital (Note 28a) $'000	Treasury shares (Note 28b) $'000	Retained earnings $'000	Other reserves (Note 29) $'000	Total reserves $'000	$'000
Company 2021						
Balance at 1 January 2021	12,645	(295)	63,329	36,570	99,899	112,249
Profit for the year	–	–	19,593	–	19,593	19,593
Other comprehensive income						
Fair value changes of derivatives	–	–	–	1,419	1,419	1,419
Other comprehensive income for the year, net of tax	–	–	–	1,419	1,419	1,419
Total comprehensive income for the year	–	–	19,593	1,419	21,012	21,012
Share-based payment (share options) (Note 6)	–	–	–	28	28	28
Purchase of treasury shares	–	(705)	–	–	–	(705)
Reissuance of treasury shares	–	220	–	(139)	(139)	81
Dividends on ordinary shares (Note 37)	–	–	(9,123)	–	(9,123)	(9,123)
Balance at 31 December 2021	12,645	(780)	73,799	37,878	111,677	123,542
Company 2020						
Balance at 1 January 2020	12,645	(957)	65,955	37,939	103,894	115,582
Profit for the year	–	–	5,089	–	5,089	5,089
Other comprehensive income						
Fair value changes of derivatives	–	–	–	(738)	(738)	(738)
Fair value changes of other investment	–	–	–	(152)	(152)	(152)
Other comprehensive income for the year, net of tax	–	–	–	(890)	(890)	(890)
Total comprehensive income for the year	–	–	5,089	(890)	4,199	4,199
Share-based payment (share options) (Note 6)	–	–	–	(44)	(44)	(44)
Reissuance of treasury shares	–	662	–	(435)	(435)	227
Dividends on ordinary shares (Note 37)	–	–	(7,715)	–	(7,715)	(7,715)
Balance at 31 December 2020	12,645	(295)	63,329	36,570	99,899	112,249

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement
For the Financial Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit before tax		23,072	1,734
Adjustments for:			
Depreciation expenses	10	22,396	23,290
Amortisation of intangible assets	12	942	550
Amortisation of upfront fees	20	119	131
Interest income	5a	(139)	(451)
Interest expense	7	1,932	3,123
Gain on disposal of property, plant and equipment, net	5a	(70)	(6)
Reversal of impairment loss on trade receivables	5b	(237)	(277)
Reversal of provisions	24	–	(44)
Write-off and impairment of property, plant and equipment	5b	590	263
Write-off and impairment of intangible assets	5b	2,139	415
Share-based payment expenses	6	28	(44)
Share of results of associate		(5,275)	(289)
Foreign exchange differences		14	444
Operating cash flows before changes in working capital		45,511	28,839
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(8,418)	43,161
(Increase)/decrease in prepayments		(24)	10
Decrease/(increase) in inventories		235	(1,544)
Decrease in other assets		3,998	1,738
Increase/(decrease) in payables, accruals, provisions and employee benefits liability		20,556	(5,857)
(Decrease)/increase in deferred income		(1,562)	1,238
Cash flows from operations		60,296	67,585
Interest paid		(1,895)	(3,088)
Income tax paid		(997)	(5,338)
Interest received		139	451
Net cash flows from operating activities		57,543	59,610
Cash flows from investing activities			
Additions to property, plant and equipment	Note A	(5,510)	(6,168)
Additions to intangible assets	12	(3,265)	(1,773)
Proceeds from disposal of property, plant and equipment		141	191
Dividend income from associate		4,617	–
Net cash flows used in investing activities		(4,017)	(7,750)
Cash flows from financing activities			
Proceeds from bank borrowings		68,908	71,661
Repayment of bank borrowings		(109,491)	(91,487)
Payment of principal portion of lease liabilities		(6,667)	(6,024)
Purchase of treasury shares		(705)	–
Proceeds from reissuance of treasury shares		81	227
Dividends paid to shareholders	37	(9,123)	(7,715)
Dividends paid to non-controlling interests		(329)	(302)
Net cash flows used in financing activities		(57,326)	(33,640)
Net (decrease)/increase in cash and cash equivalents		(3,800)	18,220
Cash and cash equivalents as at beginning of year		67,558	49,646
Effects of exchange rate changes on opening cash and cash equivalents		391	(308)
Cash and cash equivalents as at end of year	19	64,149	67,558
Note A: Reconciliation of additions to property, plant and equipment			
Additions to property, plant and equipment	10	15,738	8,433
Less: Non-cash additions to right-of-use assets	11	(9,803)	(1,345)
Less: Provision for reinstatement cost during the financial year		(425)	(920)
		5,510	6,168

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes To The Financial Statements

1. Corporate information

Pan-United Corporation Ltd (the Company) 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 7 Temasek Boulevard, #16-01 Suntec Tower One, Singapore 038987.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries and associate are disclosed in Note 13 and Note 14 to the financial statements respectively.

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 $) and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Changes in accounting policies

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

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3 Business Combination: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors expect that the adoption of the abovementioned standards will not have a 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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 deemed to be an asset or liability, will be 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.

b) Business combinations and goodwill

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit 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.

Notes To The Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to equity holders 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 equity holders of the Company.

2.6 Foreign currency

The financial statements are presented in SGD, 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 consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost.

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

Subsequent to recognition, property, plant and equipment 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 (includes land use rights)	–	Over the remaining lease terms
Leasehold buildings	–	Over the remaining lease terms
Plant and machinery	–	5 to 50 years
Office furniture and equipment	–	3 to 10 years
Motor vehicles	–	5 to 10 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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 values, useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 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.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases 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.

(i) 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 shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	–	3 to 20 years
Leasehold building	–	3 to 5 years
Plant and machinery	–	3 to 5 years
Motor vehicles and other equipment	–	3 to 5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subjected to impairment. Refer to the accounting policy in Note 2.10 on the impairment of non-financial assets.

The Group presents right-of-use assets under 'property, plant and equipment' in the balance sheet.

(ii) 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 exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects 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 (e.g., 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 asset. Details of the Group's lease liabilities are disclosed in Note 21.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease exemption to its short-term leases of machinery and equipment (i.e., 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 exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.22c.

Notes To The Financial Statements (continued)

2. Summary of significant accounting policies (continued)

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

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

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

(a) Import quota (other assets)

Import quota costs are recognised as an intangible asset when the Group can demonstrate that the cost to secure the quota is separable, its control over the import quota and how the import quota will generate future economic benefits.

(b) Developed technology and product development costs

Research costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Development costs have a finite useful life and are amortised over the period of expected sales or usage from the related project (ranging from 5 to 10 years) on a straight-line basis.

(c) Club memberships

Club memberships relate to the entrance fees paid for the right to use the facilities of the club. Club memberships are carried at cost less any impairment loss.

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 such 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 are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

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 any impairment losses.

2.12 Associate

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.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

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 is accounted as 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's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate.

Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

The financial statements of the associate are prepared at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 Deferred income

Deferred income relates to voyages-in-progress. Deferred income is credited into profit or loss as revenue when the Group satisfies the respective performance obligations.

Deferred income from voyages-in-progress is recognised as revenue using the percentage of completion method. The Group satisfies the performance obligation over time, with the customer simultaneously receiving and consuming the benefits as the Group renders the service.

Notes To The Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.14 Financial instruments

(a) Non-derivative financial assets

Initial recognition and measurement

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

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

(i) Investment in debt instruments

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 measurement category for classification of debt instruments is at amortised cost.

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

(ii) Investment 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 other comprehensive income (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 when 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 OCI for debt instruments is recognised in profit or loss.

(b) Non-derivative 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, non-derivative 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, cancelled or expired. On de-recognition, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(c) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge against risks associated with foreign currency fluctuations. Foreign exchange forward contracts and currency option contracts are used to hedge its risks associated primarily with foreign currency fluctuations. Refer to Note 26 for more details.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any directly attributable transaction costs are recognised in profit or loss as incurred. The changes in fair value of any derivative instrument that do not qualify for hedge accounting are recognised directly in profit or loss.

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

2.15 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECL 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.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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).

The Group assesses on a forward-looking basis the ECL associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. Details are outlined in Note 34c.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes To The Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is assigned using the weighted average method and includes all cost incurred in bringing the inventories to their present location and condition. 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.

When necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value to the lower of cost and net realisable value.

2.18 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.

2.19 Government grants

Government grants are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred income on the balance sheet and is recognised as income in equal amounts over the expected useful life of the related asset.

Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs for which the grants are intended to compensate are expensed. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as 'other income'. Alternatively, they are deducted in reporting the related expenses.

2.20 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.

2.21 Employee benefits

(a) Defined contribution plan

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) Defined benefit plan

The Group operates a defined benefit liability plan in Indonesia under the Indonesian Labour Law. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurement on net defined benefit liabilities, which is recognised as other comprehensive income, consists of:

- actuarial gains and losses;
- return on plan asset, excluding amounts included in net interest on the net defined benefit liability; and
- any change in the effect of asset ceiling, excluding amounts included in net interest on the net defined benefit liability.

Remeasurement on net defined benefit liabilities are not reclassified to profit or loss in subsequent periods.

(c) Employee share option plans

The Company has in place the Pan-United Share Option Scheme (Scheme 2002) for granting of options (equity-settled transactions) to eligible directors and employees of the Group to subscribe for shares in the Company. Details of the Scheme 2002 are disclosed in Note 6.

The cost of these equity-settled 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.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to revenue reserve upon expiry of the options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

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

(d) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the reporting period.

2.22 Revenue

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.

Revenue is measured based on the consideration to which the Group expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that no significant reversal of revenue will occur once associated uncertainties are resolved.

The amount of variable consideration is calculated by using either the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds 12 months and the financing benefit either to the customer or the Group is significant.

If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Group reasonably estimates them, primarily by using historical reference values. Revenue is recognised for each performance obligation either at a point in time or over time.

(a) Sale of goods

Revenue from sale of goods is recognised when the Group satisfies the performance obligation at a point in time, which is when the control of the promised goods has been transferred to the customer, depending on the contractual terms and the practices in the legal jurisdictions. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from rendering of services is recognised using the percentage of completion method as the Group satisfies the performance obligation over time. The customer simultaneously receives and consumes the benefits as the Group renders the service.

(c) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term. 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.

Notes To The Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.23 Dividend and interest income

Dividend income is recognised in profit or loss when the Group's right to receive payment has been established.

Interest income is recognised in profit or loss, as it accrues, using the effective interest method.

2.24 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 taxes 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 and associates 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, carry forward of unutilised tax credits and unutilised 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 unutilised tax credits and unutilised 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 and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax is recognised in relation 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.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segments' performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segmental information.

2.26 Share capital and share issuance expenses

(a) Ordinary shares

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.

(b) Preference shares issued to non-controlling interests of a subsidiary

Preference shares are classified as equity as they are redeemable at the discretion of the issuer (a subsidiary of the Group).

2.27 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.

2.28 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.

Notes To The Financial Statements (continued)

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in 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 judgement which has an effect on the amounts recognised in the consolidated financial statements:

Estimating variable consideration for sale of goods

In estimating the variable consideration for the sale of goods (i.e., concrete), the Group uses the expected value method to estimate the variable price component. The variable price component is pegged to a monthly price index, which is published one to two months subsequent to month-end. Management relies on latest available price index to estimate the variable price component of the last two months of the financial reporting period end.

Management has exercised judgement in applying the constraint on the estimated variable consideration that can be included in the transaction price. Management has taken into consideration of both the likelihood and magnitude in its assessment on the probability of a significant revenue reversal. Based on historical experience, it is highly probable that a significant reversal in the cumulative amount of revenue recognised will not occur when the actual price index is published subsequent to the financial reporting period end.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The 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) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Information about the ECL on the Group's trade receivables is disclosed in Note 34c.

The carrying amount of trade receivables as at 31 December 2021 is disclosed in Note 17.

(b) Impairment of goodwill

Management assesses for indicators of impairment of goodwill at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating unit to which goodwill is allocated. The value-in-use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value-in-use including a sensitivity analysis, are disclosed and further explained in Note 12.

The carrying amount of goodwill as at 31 December 2021 is disclosed in Note 12.

4. Revenue

	Group	
	2021	2020
	$'000	$'000
Sale of goods	**575,192**	394,047
Rendering of services	**11,680**	10,977
	586,872	405,024

Disaggregation of revenue

Disaggregation of the Group's revenue is detailed in Note 36a.

Timing of transfer of goods or services

– Sale of concrete and cement and other trading activities: at a point in time.
– Rendering of services for shipping activities: over time.

5. Profit before tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the following items have been included in arriving at profit before tax:

	Group	
	2021	2020
	$'000	$'000
(a) Other income		
Agency and brokerage income	**805**	741
Gain on disposal of property, plant and equipment	**70**	6
Government grant*	**3,381**	5,094
Interest income from financial assets	**139**	451
(b) Other expenses		
Usage of equipment, maintenance and consumables	**19,812**	14,784
Land rental and other related expenses**	**5,617**	3,844
Expenses relating to short-term leases	**1,224**	926
Expenses relating to leases of low-value assets	**19**	13
Utilities and telecommunication charges	**6,443**	5,145
Reversal of impairment loss on trade receivables	**(237)**	(277)
Marketing expenses	**388**	342
Professional fees	**961**	802
Write-off and impairment of property, plant and equipment	**590**	263
Write-off and impairment of intangible assets	**2,139**	415
Insurance expenses	**334**	330
Audit fees payable to Auditor of the Company	**205**	196
Audit fees payable to member firms of the Auditor of the Company	**78**	63

* Grant income of $1,793,000 (2020: $2,785,000) was recognised during the financial year under the Jobs Support Scheme (JSS). JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

** Included within land rental and other related expenses are COVID-19-related rent concessions received from lessors of nil (2020: $1,136,000).

Notes To The Financial Statements (continued)

6. Staff costs

	Group 2021 $'000	2020 $'000
Staff costs (including directors)		
Salaries, allowances and bonuses	**40,934**	27,508
Central Provident Fund and other retirement contribution plans	**3,327**	2,212
Share-based payment (share options)	**28**	(44)
Other personnel-related expenses	**3,260**	2,871
	47,549	32,547

Share option scheme

Under the Pan-United Share Option Scheme (Scheme 2002), share options are granted to eligible directors and employees of the Company and its subsidiaries.

(i) The grantee has to be at least 21 years of age, is not an undischarged bankrupt and has not entered into a composition with its creditors.

(ii) The Scheme 2002 is administered by the Remuneration Committee, who shall determine at its own discretion, the number of shares over which the options are to be offered, taking into account criteria such as the rank, seniority, length of service, performance and potential for future contributions of the grantee and performance of the Group.

(iii) Options granted to executive directors and employees will have a life span of ten years whereas options granted to non-executive directors will have a life span of five years.

(iv) The exercise price of the options shall be equal to the average of the last dealt prices for the Company's shares for the three consecutive trading days immediately preceding the relevant date of grant.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2021 No. of share options	2021 WAEP/ Adjusted WAEP ($)	2020 No. of share options	2020 WAEP Adjusted WAEP ($)
Outstanding at beginning of year	**14,025,700**	**0.50/0.36**	14,578,400	0.55/0.38
Granted during the year (Note a)	**2,500,000**	**0.31**	2,515,000	0.28
Exercised during the year (Note b)	**(297,500)**	**0.27**	(768,000)	0.37/0.30
Forfeited during the year	**(1,783,400)**	**0.48**	(2,299,700)	0.64/0.42
Outstanding at end of year (Note c)	**14,444,800**	**0.47/0.36**	14,025,700	0.50/0.36
Exercisable at end of year	**9,801,300**	**0.55/0.38**	9,556,200	0.59/0.39

Notes:

(a) The weighted average fair value of options granted during the year was $0.07 (2020: $0.08).

(b) The adjusted weighted average share price at the dates of exercise for the options exercised during the year was $0.27 (2020: $0.30).

(c) The range of exercise prices for options outstanding at the end of the year was $0.27 to $0.58 (2020: $0.27 to $0.58) after adjustment pursuant to the de-merger/capital reduction. The weighted average remaining contractual life for these options is 6 years (2020: 6 years).

The fair value of share options, as at the date of grant, is estimated using a binomial model, taking into account the terms and conditions upon which the options are granted. The inputs to the binomial model used for the options granted are shown below:

	2021	2020
Dividend yield (%)	**5.48**	3.77
Expected volatility (%)	**38.40**	39.50
Risk-free interest rate (%)	**0.44**	0.29
Average expected life of option (years)	**4.55**	4.55
Share price ($) at grant date	**0.31**	0.28

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

7. Finance costs

	Group 2021 $'000	2020 $'000
Interest expense on loans and borrowings	**1,488**	2,735
Interest expense on lease liabilities (Note 21)	**407**	353
Interest expense on provisions	**37**	35
Bank charges	**403**	374
	2,335	3,497

8. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group 2021 $'000	2020 $'000
Consolidated income statement		
Current income tax		
Current income taxation	**5,509**	483
Over provision in respect of previous years	**(6)**	(645)
Deferred income tax		
Origination and reversal of temporary differences	**(1,337)**	369
Over provision in respect of previous years	**(50)**	(30)
Provision for withholding tax on undistributed earnings of foreign associate	**99**	43
Income tax expense recognised in profit or loss	**4,215**	220

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 31 December 2021 and 2020 are as follows:

	Group 2021 $'000	2020 $'000
Profit before tax	**23,072**	1,734
Tax at the domestic rates applicable to profits in the countries where the Group operates	**3,868**	92
Adjustments:		
Non-deductible expenses	**1,092**	953
Effect of partial tax exemption and tax incentives	**(133)**	(94)
Income not subject to taxation	**(458)**	(477)
Over provision in respect of previous years	**(56)**	(675)
Provision for withholding tax on undistributed earnings of foreign associate	**99**	43
Deferred tax assets not recognised	**300**	515
Benefits from previously unabsorbed capital allowances	**(475)**	-
Others	**(22)**	(137)
Income tax expense recognised in profit or loss	**4,215**	220

Notes To The Financial Statements (continued)

9. Earnings per share

Basic earnings per share is calculated by dividing the Group's profit for the year, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the Group's profit for the year, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares under the Scheme 2002 into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2021 **$'000**	2020 $'000
Profit for the year attributable to equity holders of the Company used in the computation of earnings per share	**18,686**	1,036
	2021 **No. of shares** **'000**	2020 No. of shares '000
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share computation	**699,763**	701,654
Effect of dilution on share options	**229**	114
Weighted average number of ordinary shares (excluding treasury shares) for diluted earnings per share computation	**699,992**	701,768
Basic and diluted earnings per share (cents per share)	**2.67**	0.15

10. Property, plant and equipment

Group	Leasehold land $'000	Leasehold buildings $'000	Plant and machinery $'000	Other assets $'000	Construction-in-progress $'000	Total $'000
Cost						
At 1 January 2020	37,848	27,096	222,469	14,220	1,916	303,549
Additions	1,543	414	3,461	2,463	552	8,433
Disposals	–	–	(335)	(1,703)	–	(2,038)
Write-off	(16)	–	(1,720)	(92)	–	(1,828)
Reclassification	–	62	1,257	–	(1,319)	–
Others	187	–	–	–	–	187
Exchange differences	(26)	(51)	(347)	(578)	(6)	(1,008)
At 31 December 2020 and 1 January 2021	39,536	27,521	224,785	14,310	1,143	307,295
Additions	9,115	39	3,694	1,614	1,276	15,738
Disposals	–	(10)	(617)	(685)	–	(1,312)
Write-off	(16)	–	(6,185)	(906)	–	(7,107)
Impairment loss	–	–	(131)	(269)	–	(400)
Reclassification	–	–	728	301	(1,029)	–
Others	(7)	–	–	–	–	(7)
Exchange differences	26	(50)	(580)	203	(13)	(414)
At 31 December 2021	48,654	27,500	221,694	14,568	1,377	313,793
Accumulated depreciation						
At 1 January 2020	11,400	6,652	92,131	3,763	–	113,946
Depreciation charge for the year	7,288	983	12,501	2,518	–	23,290
Disposals	–	–	(319)	(1,534)	–	(1,853)
Write-off	(6)	–	(1,479)	(80)	–	(1,565)
Others	25	–	–	–	–	25
Exchange differences	(12)	(39)	(324)	(464)	–	(839)
At 31 December 2020 and 1 January 2021	18,695	7,596	102,510	4,203	–	133,004
Depreciation charge for the year	6,648	988	12,128	2,632	–	22,396
Disposals	–	(5)	(599)	(637)	–	(1,241)
Write-off	(8)	–	(6,050)	(859)	–	(6,917)
Exchange differences	26	1	159	163	–	349
At 31 December 2021	25,361	8,580	108,148	5,502	–	147,591
Net carrying amount						
At 31 December 2020	20,841	19,925	122,275	10,107	1,143	174,291
At 31 December 2021	23,293	18,920	113,546	9,066	1,377	166,202

Notes To The Financial Statements (continued)

10. Property, plant and equipment (continued)

Plant and machinery include storage tanks, civil and structure work of silos. Other assets comprise mainly motor vehicles, office furniture and equipment.

Included in property, plant and equipment is right-of-use assets amounting to $20,391,000 (2020: $17,566,000) relating to leased assets. Details of the leased assets are disclosed in Note 11.

Assets pledged as security

The Group's property, plant and equipment with a carrying amount of $55,218,000 (2020: $57,673,000) are mortgaged to secure the Group's bank loans (Note 20).

Company	Other assets $'000
Cost	
At 1 January 2020	883
Additions	30
Disposal	(248)
At 31 December 2020 and 1 January 2021	665
Additions	45
Disposal	(5)
Write-off	(225)
At 31 December 2021	480
Accumulated depreciation	
At 1 January 2020	682
Depreciation charge for the year	52
Disposal	(126)
At 31 December 2020 and 1 January 2021	608
Depreciation charge for the year	35
Disposal	(5)
Write-off	(225)
At 31 December 2021	413
Net carrying amount	
At 31 December 2020	57
At 31 December 2021	67

Other assets comprise mainly office furniture and equipment.

11. Leases

Group as a lessee under SFRS(I) 16

The Group has lease contracts for various leasehold land, building, motor vehicles, plant and machinery and other assets used in its operations. The Group's obligations under these leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases 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 included in property, plant and equipment and the movements during the year:

Group	Leasehold land $'000	Leasehold buildings $'000	Plant and machinery $'000	Other assets $'000	Total $'000
At 1 January 2020	22,287	211	104	1,018	23,620
Additions	858	12	–	475	1,345
Depreciation charge for the year	(7,052)	(65)	(21)	(409)	(7,547)
Write-off	(10)	–	–	(11)	(21)
Remeasurement of right-of-use assets	187	–	–	–	187
Exchange differences	(13)	(6)	–	1	(18)
At 31 December 2020	16,257	152	83	1,074	17,566
Additions	9,115	–	–	688	9,803
Depreciation charge for the year	(6,449)	(60)	(22)	(462)	(6,993)
Write-off	(8)	–	–	–	(8)
Remeasurement of right-of-use assets	(7)	–	–	–	(7)
Exchange differences	40	(3)	–	(7)	30
At 31 December 2021	18,948	89	61	1,293	20,391

The following are the amounts recognised in profit or loss:

	Group	
	2021 $'000	2020 $'000
Depreciation expense on right-of-use assets	**6,993**	7,547
Interest expense on lease liabilities	**407**	353
Expenses relating to short-term leases	**1,224**	926
Expenses relating to leases of low-value assets	**19**	13
	8,643	8,839

In 2021, the Group had total cash out flows for leases of $7,074,000 (2020: $6,377,000) and non-cash additions to right-of-use assets of $9,803,000 (2020: $1,345,000) and lease liabilities of $9,803,000 (2020: $1,345,000).

Notes To The Financial Statements (continued)

12. Intangible assets

Group	Goodwill $'000	Developed technology $'000	Product development costs $'000	Club memberships $'000	Total $'000
Cost					
At 1 January 2020	2,345	3,677	36	432	6,490
Additions:					
Internal development	–	1,759	14	–	1,773
Impairment/Write-off	(220)	(195)	–	–	(415)
At 31 December 2020 and 1 January 2021	2,125	5,241	50	432	7,848
Additions:					
Internal development	–	3,228	37	–	3,265
Impairment/Write-off	(2,125)	(14)	–	–	(2,139)
At 31 December 2021	–	8,455	87	432	8,974
Accumulated amortisation					
At 1 January 2020	–	779	–	52	831
Amortisation for the year	–	544	6	–	550
At 31 December 2020 and 1 January 2021	–	1,323	6	52	1,381
Amortisation for the year	–	932	10	–	942
At 31 December 2021	–	2,255	16	52	2,323
Net carrying amount					
At 31 December 2020	2,125	3,918	44	380	6,467
At 31 December 2021	–	6,200	71	380	6,651

Company	Club memberships $'000
Cost and net carrying amount	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	370

The Group's developed technology has an average remaining amortisation period of 2 to 10 years (2020: 2 to 10 years) as at the financial year ended 31 December 2021.

The goodwill arose from the acquisition of equity interests in PT. Pacific Granitama. Goodwill is allocated to the cash-generating unit (CGU) identified that is expected to benefit from the business combination.

Impairment testing of goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the CGU has been determined based on value-in-use calculation using cash flow projection from financial budget and forecast approved by management based on a five-year period.

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections are as follows:

	2021	2020
Growth rates	**1 – 3% (a)**	1 – 44% (b)
Pre-tax discount rate	**17%**	14%

(a) 2022: 3% and 2023 onwards: 1 – 3%
Growth rate of 2022 has been forecasted at 3% as the production volume is expected to increase with an expected increase in demand for aggregate and dust in Singapore as the industry recovers gradually.

(b) 2021: 44% and 2022 onwards: 1 – 2%
Growth rate of 2021 has been forecasted at 44% as the production volume is expected to increase with an expected increase in demand for aggregate and dust in Singapore as the industry recovers from the low base in 2020 due to the COVID-19 pandemic.

Key assumptions used in the value-in-use calculations

The calculations of value-in-use are most sensitive to the following assumptions:

(i) Growth rates – the forecasted growth rates are based on Management's best estimate and do not exceed the long-term growth rates for the industry relevant to the CGU.

(ii) Pre-tax discount rate – Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific assumptions of the CGU and derived from its weighted average cost of capital (WACC) based on the capital asset pricing model.

Sensitivity to changes in assumptions

Management has performed sensitivity tests on the respective growth rates and pre-tax discount rate. Based on the value-in-use calculations, an impairment loss of $2,125,000 (2020: $220,000) was recognised in profit or loss under the line item "Other expenses" to write-down the carrying amount of goodwill during the financial year.

13. Subsidiaries

	Company	
	2021 $'000	2020 $'000
Unquoted equity shares, at cost	**10,052**	10,052
Amounts due from subsidiaries	**82,500**	82,500
	92,552	92,552

The amounts due from subsidiaries are non-trade in nature, unsecured and non-interest bearing. Repayments are at the sole discretion of the respective subsidiaries and are to be settled in cash.

Details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation)	Principal activities	Effective shareholding held by the Group	
		2021 %	2020 %
Held by the Company:			
Pan-United Industries Pte. Ltd. (Singapore)	Trading and supply of refined petroleum products, ready-mix concrete and granite aggregates	100	100
Pan-United Investments Pte. Ltd. (Singapore)	Investment holding	100	100
PanU Harmony Pte. Ltd. (Singapore)	Trading and provision of shipping services	100	100
United Bulk Shipping Pte. Ltd. (Singapore)	Provision of shipping services	51	51
GoTruck Holdings Pte. Ltd. (Singapore)	Investment holding, information technology and computer service activities	97	97
Pan-United Technologies Pte. Ltd. (Singapore)	Technology and computer service activities	100	100
Pan-United Digital Solutions Pte. Ltd. (Singapore)	Investment holding, information technology and computer service activities	100	100

Notes To The Financial Statements (continued)

13. Subsidiaries (continued)

Name of subsidiaries (Country of incorporation)	Principal activities	Effective shareholding held by the Group 2021 %	2020 %
Held through subsidiaries:			
Pan-United Concrete Pte. Ltd. (Singapore)	Manufacture and supply of ready-mix concrete and related products	100	100
Raffles Concrete Pte. Ltd. (Singapore)	Manufacture and supply of ready-mix concrete and related products	100	100
United Cement Pte. Ltd. (Singapore)	Cement silo operator, cement trading and distribution	100	100
Raffles Cement Pte. Ltd. (Singapore)*	Cement silo operator, cement trading and distribution	49	49
Fico Pan-United Concrete Joint Stock Company (Vietnam)	Manufacture and supply of ready-mix concrete and related products	55	55
PT. Pan-United Concrete (Indonesia)	Manufacture and supply of ready-mix concrete and related products	100	100
Meridian Maplestar Sdn. Bhd. (Malaysia)	Manufacture and trading of basic building materials	100	100
Fortis Star Sdn. Bhd. (Malaysia)	Manufacture and supply of ready-mix concrete and related products	100	100
Pan-United Asphalt Pte. Ltd. (Singapore)	Production of asphalt, building and repairing of roadways	100	100
PT. Pacific Granitama (Indonesia)*	Quarry operator	49	49
Pan-United Resources Pte. Ltd. (Singapore)	Investment holding and general trading	100	100
Pan-United Bulk Trade (2010) Pte. Ltd. (Singapore)	Investment holding and general trading	100	100
Resources Development (2010) Pte. Ltd. (Singapore)	Investment holding and general trading	100	100
Cresco Development Pte. Ltd. (Singapore)	Investment holding and general trading	100	100
Salvus Development Pte. Ltd. (Singapore)	Investment holding and general trading	100	100
Pan-United International Pte. Ltd. (Singapore)	Investment holding	100	100
GoTruck Pte. Ltd. (Singapore)	Technology and computer service activities	97	97
AiR Digital Solutions Pte. Ltd. (Singapore)	Software consultancy, information technology and computer service activities	100	100
Blue Marble Sustainability Technologies Pte. Ltd. (Singapore)	Marketing and provision of sustainable technology solutions	100	100
Blue Marble Sustainability Sdn. Bhd. (Malaysia)	Marketing and provision of sustainable technology solutions	100	100

Ernst & Young LLP, Singapore is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of EY Global are auditors of significant foreign-incorporated subsidiaries.

PT Pan-United Concrete is not considered significant to be audited as defined under Rule 718 of the listing manual of SGX-ST.

* Although the Group owns less than half of the voting power of the entity, Management has determined that it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consequently, the Group consolidates this investment as a subsidiary of the Group.

14. Associate

The Group's investment in associate is summarised below:

	Group 2021 $'000	2020 $'000
PT. Lanna Harita Indonesia	4,335	3,677

Name of associate (Country of incorporation)	Principal activity	Percentage of equity interest 2021 %	2020 %
PT. Lanna Harita Indonesia (Indonesia)	Coal mining	10	10

Although the Group holds less than 20% of the ownership interest and voting control of PT. Lanna Harita Indonesia (PT. Lanna), the Group has the ability to exercise significant influence through both its shareholding and its nominated director's participation on PT. Lanna's Board of Directors. The results of PT. Lanna were accounted for using the equity method in the consolidated financial statements.

The associate is audited by a member firm of EY Global in Indonesia.

The summarised financial information of PT. Lanna, and a reconciliation with the carrying amount of the investment in the consolidated financial statements is as follows:

	2021 $'000	2020 $'000
Summarised balance sheet		
Current assets	63,062	28,925
Non-current assets	34,899	30,870
Total assets	97,961	59,795
Current liabilities	45,878	13,896
Non-current liabilities	6,962	8,465
Total liabilities	52,840	22,361
Net assets	45,121	37,434
Proportion of Group's ownership	10%	10%
Group's share of net assets	4,512	3,743
Other adjustments	(177)	(66)
Carrying amount of the investment	4,335	3,677
Summarised statement of comprehensive income		
Revenue	230,701	107,668
Profit after tax	52,745	2,894
Other comprehensive income, net of tax	48	–
Total comprehensive income for the year	52,793	2,894

Notes To The Financial Statements (continued)

15. Other investment

The fair value of the equity investment designated at fair value through other comprehensive income (FVOCI) at the end of the reporting period is as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Fair value through other comprehensive income				
Unquoted equity investment	**3**	3	**–**	–

The Group has elected to measure this equity investment at FVOCI due to the Group's intention to hold this equity investment for long-term appreciation.

16. Inventories

	Group	
	2021	2020
	$'000	$'000
Balance sheet		
Raw materials	**14,435**	15,276
Finished goods	**6,937**	5,630
Consumables	**2,301**	3,002
	23,673	23,908
Consolidated income statement		
Inventories recognised as an expense in raw materials, subcontract costs and other direct costs	**348,074**	239,637

17. Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables	**122,264**	113,273	**–**	–
Amounts due from subsidiaries	**–**	–	**43,183**	34,951
Refundable deposits	**2,888**	1,690	**1**	1
Sundry receivables	**322**	1,862	**–**	358
	125,474	116,825	**43,184**	35,310
Non-current				
Refundable deposits	**151**	145	**–**	–
Total trade and other receivables	**125,625**	116,970	**43,184**	35,310
Add: Cash and cash equivalents (Note 19)	**64,149**	67,558	**39,594**	38,560
Total financial assets carried at amortised cost	**189,774**	184,528	**82,778**	73,870

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables from customers that are insured by trade credit insurance underwritten by reputable insurers amounted to $82,871,000 (2020: $71,128,000) at the end of the reporting period.

Amounts due from subsidiaries

Amounts due from subsidiaries are non-interest bearing and are repayable upon demand. These amounts are non-trade in nature, unsecured and are to be settled in cash.

The carrying values of these amounts approximate their fair values due to their short-term nature.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	Group	
	2021	2020
	$'000	$'000
At 1 January	**5,350**	5,936
Reversal for the year	**(156)**	(235)
Written off during the year	**(3,221)**	(351)
At 31 December	**1,973**	5,350

18. Other assets

Other assets relate to import quota as a right to import from traditional sources which is regulated by the Building and Construction Authority (BCA) in Singapore. BCA has an Importers' Licensing Scheme which applies to any person in the business of importing sand and granite. This scheme regulates importers of essential construction materials to ensure a secure and reliable supply in Singapore of acceptable quality. Under this scheme, the Group is required to import certain prescribed percentage from non-traditional sources before it is allowed to import the remaining from traditional sources.

19. Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash at banks and on hand	**62,642**	66,105	**39,594**	38,560
Short-term deposits	**1,507**	1,453	**–**	–
	64,149	67,558	**39,594**	38,560

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. Cash at banks earned interest at the average of 0.10% to 1.20% (2020: 0.01% to 1.25%) per annum. The effective interest rate of short-term deposits ranged from 4.75% to 5.20% (2020: 4.75% to 5.70%) per annum.

20. Loans and borrowings

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Secured (Note a)	**8,895**	10,805	**–**	–
Unsecured (Note b)	**12,545**	34,073	**–**	19,947
	21,440	44,878	**–**	19,947
Non-current				
Secured (Note c)	**10,368**	12,600	**–**	–
Unsecured (Note d)	**14,816**	29,903	**–**	–
	25,184	42,503	**–**	–
Total loans and borrowings (excluding lease liabilities)	**46,624**	87,381	**–**	19,947

Notes To The Financial Statements (continued)

20. Loans and borrowings (continued)

The secured bank loans are backed by mortgages over certain assets of foreign subsidiaries.

(a) Details of the current secured bank loans are as follows:

(i) $1,119,000 (2020: $2,482,000) is denominated in Vietnamese Dong and bears interest of 4.75% to 5.70% (2020: 4.75% to 5.70%) per annum.

(ii) $7,776,000 (2020: $8,323,000) is denominated in Malaysia Ringgit and bears interest from 3.25% to 3.81% (2020: 3.87% to 5.13%) per annum.

(b) Details of the current unsecured bank loans are as follows:

(i) $10,000,000 (2020: $31,000,000) is denominated in Singapore Dollars and bears interest of 1.05% to 1.38% (2020: 0.95% to 2.68%) per annum.

$9,953,000 (2020: $30,947,000) is the net amount of the total current unsecured bank loans after unamortised upfront fees of $47,000 (2020: $53,000) were set off against them.

(ii) $2,592,000 (2020: $3,126,000) is denominated in Malaysia Ringgit and bears interest of 3.36% to 3.65% (2020: 3.48% to 5.06%) per annum.

(c) The non-current secured bank loan of $10,368,000 (2020: $12,600,000) is denominated in Malaysia Ringgit and bears interest of 3.70% to 3.81% (2020: 3.81% to 5.13%) per annum. The loan is repayable between 2023 and 2024.

(d) The non-current unsecured bank loan of $15,000,000 (2020: $30,000,000) is denominated in Singapore dollars and bears interest, comprising fixed and variable components, of 1.61% to 1.70% (2020: 1.47% to 2.90%) per annum.

The loan is repayable in 2026. The Group had paid one-time upfront fees to secure the bank loans and this amount will be amortised throughout the loan contract period. As at 31 December 2021, the remaining unamortised upfront fees were $184,000 (2020: $97,000) and were netted off against the total non-current unsecured bank loan with the net amount being $14,816,000 (2020: $29,903,000).

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

	1 January 2021	Cash flows	Non-cash changes: Amortisation of upfront fees	Additions to right-of-use assets	Accretion of interest	Foreign exchange movement	Other	31 December 2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans								
Current	44,878	(25,383)	53	–	–	(104)	1,996	21,440
Non-current	42,503	(15,200)	66	–	–	(189)	(1,996)	25,184
	87,381	(40,583)	119	–	–	(293)	–	46,624
Lease liabilities (Note 21)								
Current	4,808	(977)	–	1,825	–	10	461	6,127
Non-current	11,422	(6,097)	–	7,978	407	14	(476)	13,248
	16,230	(7,074)	–	9,803	407	24	(15)	19,375
Total	103,611	(47,657)	119	9,803	407	(269)	(15)	65,999

The 'Other' column relates to reclassification of non-current to current portion of bank loans and lease liabilities due to passage of time and remeasurement of lease liabilities.

	1 January 2020	Cash flows	Non-cash changes: Amortisation of upfront fees	Additions to right-of-use assets	Accretion of interest	Foreign exchange movement	Rent concession	Other	31 December 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans									
Current	57,829	(34,826)	80	–	–	191	–	21,604	44,878
Non-current	49,064	15,000	51	–	–	(8)	–	(21,604)	42,503
	106,893	(19,826)	131	–	–	183	–	–	87,381
Lease liabilities (Note 21)									
Current	6,621	(1,598)	–	573	–	(4)	(1,136)	352	4,808
Non-current	15,624	(4,779)	–	772	353	5	–	(553)	11,422
	22,245	(6,377)	–	1,345	353	1	(1,136)	(201)	16,230
Total	129,138	(26,203)	131	1,345	353	184	(1,136)	(201)	103,611

The 'Other' column relates to reclassification of non-current to current portion of bank loans and lease liabilities due to passage of time and remeasurement of lease liabilities.

21. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group 2021	2020
	$'000	$'000
At 1 January	16,230	22,245
Additions	9,803	1,345
Interest expense on lease liabilities	407	353
Payments	(7,074)	(6,377)
Rent concessions	–	(1,136)
Remeasurement of lease liabilities	(15)	(201)
Exchange differences	24	1
At 31 December	19,375	16,230
Represented by:		
Current	6,127	4,808
Non-current	13,248	11,422
Total	19,375	16,230

The maturity analysis of lease liabilities is disclosed in Note 34d.

22. Payables and accruals

	Group 2021	Group 2020	Company 2021	Company 2020
	$'000	$'000	$'000	$'000
Payables and accruals				
Trade payables	79,236	66,148	–	–
Other payables	5,328	6,625	169	227
Accruals	13,805	5,124	2,455	929
Amount due to subsidiaries	–	–	49,883	32,352
Total payables and accruals	98,369	77,897	52,507	33,508
Less: Sales tax payables	(821)	(1,724)	(84)	(42)
Add: Loans and borrowings (Note 20)	46,624	87,381	–	19,947
Add: Lease liabilities (Note 21)	19,375	16,230	–	–
Total financial liabilities carried at amortised cost	163,547	179,784	52,423	53,413

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days' terms while other payables have an average term of six months.

Notes To The Financial Statements (continued)

23. Deferred income

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Income recognisable within 12 months				
Government grant	–	1,562	–	88

24. Provisions

	Group Reinstatement cost 2021 $'000	Group Reinstatement cost 2020 $'000
At 1 January	5,492	5,039
Recognised during the year	462	920
Utilised	(264)	(423)
Unused amounts reversed	–	(44)
Exchange differences	5	–
At 31 December	5,695	5,492
Represented by:		
Current	1,342	1,090
Non-current	4,353	4,402
Total	5,695	5,492

Provision for reinstatement cost is determined based on past experience. Reinstatement costs are capitalised in property, plant and equipment and amortised over the lease periods for leasehold land or useful life of the related plant and machinery accordingly.

25. Deferred tax

Deferred tax as at 31 December relates to the following:

(a) **Deferred tax liabilities**

	Group 2021 $'000	Group 2020 $'000
At 1 January	7,345	6,858
Origination and reversal of temporary differences	(1,123)	444
Provision for withholding tax on undistributed earnings of foreign associate	99	43
At 31 December	6,321	7,345
The deferred tax liabilities principally arise as a result of:		
Excess of net book value over tax written down value of property, plant and equipment	5,931	7,054
Provision for withholding tax on undistributed earnings of foreign associate	390	291
	6,321	7,345

(b) **Deferred tax assets**

	Group 2021 $'000	Group 2020 $'000
At 1 January	976	871
Origination and reversal of temporary differences	264	105
At 31 December	1,240	976
The deferred tax assets principally arise as a result of:		
Provisions	1,240	976

Unrecognised tax losses and capital allowances

At the end of the reporting period, the Group has unutilised tax losses of $8,329,000 (2020: $6,666,000) and unutilised capital allowances of $702,000 (2020: $2,852,000) that are available for offset against future taxable profits of the companies in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances 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. Amongst the total tax losses, $4,935,000 (2020: $5,012,000) of tax losses can only be carried forward for a maximum of 7 consecutive years of assessment (YA), which will expire in YA2026. The capital allowances have no expiry date.

Tax consequences of proposed dividends

There are no income tax consequences (2020: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 37).

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2020: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $915,000 (2020: $886,000). The deferred tax liability is estimated to be $183,000 (2020: $177,000).

26. Derivatives

	Group and Company 2021 Contract/ Notional amount $'000	2021 Asset $'000	2021 Liability $'000	2020 Contract/ Notional amount $'000	2020 Asset $'000	2020 Liability $'000
Forward currency contracts	41,881	328	–	60,559	–	(1,100)
Currency option contracts	12,159	–	(9)	–	–	–

Forward currency contracts and currency option contracts are used to hedge foreign currency risk arising from the Group's purchases denominated in United States Dollar.

27. Employee benefits liability

A subsidiary of the Group has defined benefit retirement plans covering substantially all of their qualified permanent employees.

Provision for employee benefits consists of retirement, severance, service payment and other benefits as required by the Indonesian Labour Law which is calculated by an independent actuary as at 31 December 2021, using the projected unit credit method and the following assumptions:

Discount rate	:	6.93% (2020: 6.61%)
Salary increment rate	:	10% per annum
Mortality rate	:	Table Mortality Indonesia IV-2019 (2020: Table Mortality Indonesia IV-2019)
Disability rate	:	10% of Mortality rate
Normal pension age	:	55 years
Voluntary resignation	:	10% up to the age of 18-29, 5% at age 30-39, 3% at age 40-44, 2% at age 45-49, 1% at age 50-54

Total employee benefits liability is as follows:

	Group 2021 $'000	Group 2020 $'000
Present value of employee benefits obligation	1,644	1,732
At 31 December	1,644	1,732

Notes To The Financial Statements (continued)

27. Employee benefits liability (continued)

Movement of employee benefits liability is as follows:

	Group 2021 $'000	Group 2020 $'000
At 1 January	**1,732**	1,384
Employee benefits expense	**348**	336
Benefits paid	**(5)**	(41)
Actuarial (gain)/loss recognised	**(449)**	95
Foreign exchange differences	**18**	(42)
At 31 December	**1,644**	1,732

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts (unaudited) shown below.

	Group Defined benefit obligation Increase $'000	(Decrease) $'000
2021		
Discount rate (1% movement)	**159**	**(136)**
Salary rate (1% movement)	**153**	**(134)**
2020		
Discount rate (1% movement)	190	(161)
Salary rate (1% movement)	182	(158)

The expected benefits payments (unaudited) in the future years as at 31 December 2021 and 31 December 2020 are as follows :

	Group 2021 $'000	Group 2020 $'000
1 year or less	**383**	145
Between 2 and 5 years	**578**	622
Over 5 years	**18,943**	20,678
	19,904	21,445

28. Share capital and treasury shares

	Group and Company 2021 No. of shares '000	2021 $'000	2020 No. of shares '000	2020 $'000
(a) Share capital				
Issued and fully paid ordinary shares				
At 1 January and 31 December	**701,996**	**12,645**	701,996	12,645

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.

	Group and Company 2021 No. of shares '000	2021 $'000	2020 No. of shares '000	2020 $'000
(b) Treasury shares				
At 1 January	**(342)**	**(295)**	(1,110)	(957)
Reissued for cash:				
- On exercise of employee share options	**297**	**220**	768	662
Purchase of treasury shares	**(2,188)**	**(705)**	–	–
At 31 December	**(2,233)**	**(780)**	(342)	(295)

Treasury shares relate to ordinary shares of the Company which are reacquired by the Company.

Under the Pan-United Share Option Scheme (Scheme 2002), share options are granted to eligible employees and directors of the Company and its subsidiaries.

The Company acquired 2,188,100 (2020: Nil) of its ordinary shares by way of on-market purchases and held them as treasury shares during the financial year. There were no new shares issued during the year ended 31 December 2021.

During the year ended 31 December 2021, the Company reissued 297,500 (2020: 768,000) treasury shares pursuant to the Pan-United Share Option Scheme.

29. Other reserves

	Group and Company 2021 $'000	2020 $'000
Employee share option reserve (Note a)	**1,110**	1,103
Loss on reissuance of treasury shares (Note b)	**(247)**	(129)
Fair value reserve	**(458)**	(458)
Hedging reserve	**319**	(1,100)
Distribution in specie	**37,154**	37,154
	37,878	36,570

(a) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 6). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group and Company 2021 $'000	2020 $'000
At 1 January	**1,103**	1,202
Share-based payment (share options)	**28**	(44)
Reissuance of treasury shares	**(21)**	(55)
At 31 December	**1,110**	1,103

(b) Loss on reissuance of treasury shares

This represents the loss arising from reissuance of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	Group and Company 2021 $'000	2020 $'000
At 1 January	**(129)**	251
Loss on reissuance of treasury shares	**(118)**	(380)
At 31 December	**(247)**	(129)

Notes To The Financial Statements (continued)

30. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2021 **$'000**	2020 $'000
At 1 January	**(1,425)**	(1,243)
Net effect of exchange differences arising from translation of financial statements of foreign operations	**(284)**	(182)
At 31 December	**(1,709)**	(1,425)

31. Commitments

Capital expenditure contracted for as at the end of the financial year but not recognised in the financial statements is as follows:

	Group	
	2021 **$'000**	2020 $'000
Capital commitments in respect of plant and machinery	**151**	69

32. Related party disclosures

An entity or individual is considered a related party of the group for the purposes of the financial statements if: (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the group or vice versa; or (ii) it is subject to common control or common significant influence.

(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 who are not members of the Group took place during the financial year at terms agreed between the parties:

	Group	
	2021 **$'000**	2020 $'000
Transactions with companies related to directors		
Rental income	**32**	63

Balances with related companies as at 31 December 2021 and 31 December 2020 are set out in Note 17 and Note 22.

(b) Compensation of key management personnel

	Group	
	2021 **$'000**	2020 $'000
Short-term employee benefits	**2,796**	2,606
Central Provident Fund contributions	**44**	34
	2,840	2,640
Comprise amounts paid to:		
Directors of the Company	**257**	428
Other key management personnel	**2,583**	2,212
	2,840	2,640

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Directors' and key management personnel's interests in employee share option plan

During the financial year, 450,000 (2020: 450,000) share options were granted to non-executive directors at an exercise price of $0.31 (2020: $0.28) each and exercisable between 18 November 2022 and 17 November 2026 (2020: 10 November 2021 and 9 November 2025) under Scheme 2002.

33. 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 markets 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.

There have been no transfers between Level 1 to Level 3 fair value measurements as at 31 December 2021 and 31 December 2020.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of assets and liabilities measured at fair value at the end of the reporting period using significant observable inputs other than quoted prices (Level 2):

		Group and Company	
	Note	**2021** **$'000**	2020 $'000
Financial asset			
Derivatives:			
- Forward currency contracts	26	**328**	–

		Group and Company	
	Note	**2021** **$'000**	2020 $'000
Financial liability			
Derivatives:			
- Forward currency contracts	26	**–**	1,100
- Currency option contracts	26	**9**	–

The following table shows an analysis of assets measured at fair value at the end of the reporting period using significant unobservable inputs (Level 3):

		Group	
	Note	**2021** **$'000**	2020 $'000
Financial asset			
Held through FVOCI:			
- Unquoted equity investment	15	**3**	3

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Forward currency contracts and currency option contracts

Forward currency contracts and currency option contracts are valued using a valuation technique with market observable inputs. These inputs include strike price, foreign exchange spot and forward rates and forward rate curves.

Notes To The Financial Statements (continued)

33. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

Equity securities at FVOCI

The fair values of unquoted equity securities are determined based on the fair values of the underlying assets and liabilities of the investee company.

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for unquoted equity securities which are measured at fair value based on significant unobservable inputs:

	Group	
	2021	2020
	$'000	$'000
At 1 January	**3**	155
Fair value loss recognised in other comprehensive income	**–**	(152)
At 31 December	**3**	3

(e) Financial instruments whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, payables and accruals (excluding sales tax payable) approximate their fair values due to their short-term nature.

Management has determined that the carrying amounts of lease liabilities approximate their fair values as the implicit interest rates approximate the market interest rates prevailing at the financial year end.

Management has determined that the carrying amounts of floating rate loans and borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Management has determined that the carrying amounts of fixed rate loans and borrowings approximate their fair values as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements.

34. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivative financial instruments, comprise loans and borrowings, cash and cash equivalents. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations.

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 interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient.

The following sections provide details regarding the Group'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) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from the Group's long term debt obligations. The Group's practice is to manage interest cost using a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit before tax (through the impact on interest expense on floating rate loans and borrowings).

	Group	
	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax**
		$'000
Year ended 31 December 2021		
Singapore Dollar	**100**	**(250)**
Malaysia Ringgit	**100**	**(207)**
Vietnamese Dong	**100**	**(11)**
Singapore Dollar	**(100)**	**250**
Malaysia Ringgit	**(100)**	**207**
Vietnamese Dong	**(100)**	**11**
Year ended 31 December 2020		
Singapore Dollar	100	(610)
Malaysia Ringgit	100	(240)
Vietnamese Dong	100	(25)
Singapore Dollar	(100)	610
Malaysia Ringgit	(100)	240
Vietnamese Dong	(100)	25

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States Dollar (USD).

The Group also holds cash and cash equivalents denominated in currency other than Singapore Dollar for working capital purposes. As at the balance sheet date, foreign currency balances denominated in USD amounted to $22,743,000 (2020: $14,505,000).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rate (against the respective functional currencies of the Group entities), with all other variables held constant.

		Group	
		Increase/(decrease) in profit before tax	
		2021	2020
		$'000	$'000
USD/SGD	– strengthened 3% (2020: 3%)	**680**	435
	– weakened 3% (2020: 3%)	**(680)**	(435)

Notes To The Financial Statements (continued)

34. Financial risk management objectives and policies (continued)

(c) 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 cash and cash equivalents), 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 major 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 when they fall due after a prolonged period, or when the debtor is in significant financial difficulties or liquidation.

The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit evaluation;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations; and
- Actual or expected significant changes in the operating results of the debtor.

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 financial 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 debtor will enter bankruptcy or other financial reorganisation; and
- 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 after a prolonged period, or when the debtor is in significant financial difficulties or liquidation. 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.

The following are credit risk management practices and quantitative and qualitative information about trade receivables.

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.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables by business segment on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2021		2020	
	$'000	% of total	$'000	% of total
By business segment				
Concrete and Cement	121,763	100	112,762	100
Trading and Shipping	501	NM	511	NM
	122,264	100	113,273	100

NM: Not Meaningful

At the end of the reporting period, there is no significant concentration of credit risk. The good credit history of these customers reduces the risk to the Group to an acceptable level.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables 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 by grouping of customers based on geographical region. The allowance for impairment as at 31 December 2021 and 31 December 2020 is determined as follows, the expected credit losses below also incorporate forward-looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix, grouped by geographical region:

31 December 2021	Current $'000	1 to 30 days past due $'000	31 to 60 days past due $'000	61 to 90 days past due $'000	91 to 120 days past due $'000	More than 120 days past due $'000	Total $'000
Singapore							
Gross carrying amount	62,568	34,088	10,547	728	24	569	108,524
Allowance for impairment	–	(2)	(6)	–	–	(541)	(549)
Net carrying amount	62,568	34,086	10,541	728	24	28	107,975
Other geographical areas							
Gross carrying amount	10,161	1,482	359	428	818	2,465	15,713
Allowance for impairment	–	–	–	(1)	(1)	(1,422)	(1,424)
Net carrying amount	10,161	1,482	359	427	817	1,043	14,289
31 December 2020							
Singapore							
Gross carrying amount	48,109	33,466	11,823	155	2	3,963	97,518
Allowance for impairment	–	(1)	–	–	–	(3,744)	(3,745)
Net carrying amount	48,109	33,465	11,823	155	2	219	93,773
Other geographical areas							
Gross carrying amount	11,806	2,750	1,101	959	411	4,078	21,105
Allowance for impairment	–	(1)	–	(3)	–	(1,601)	(1,605)
Net carrying amount	11,806	2,749	1,101	956	411	2,477	19,500

Information regarding movement of allowance for impairment of trade receivables is disclosed in Note 17.

Amounts due from subsidiaries

The Company assessed the latest performance and financial position of the subsidiaries, adjusted for the future outlook of the industry in which the subsidiaries operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using lifetime expected credit loss and determined that the expected credit loss is insignificant.

(d) 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 stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities to meet normal operating commitments and to mitigate the effects of fluctuations in cash flows. At the end of the financial year, 46% (2020: 51%) of the Group's loans and borrowings (Note 20) will mature in less than one year.

Notes To The Financial Statements (continued)

34. Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The tables below summarise the maturity profile of the Group's and the Company's non-derivative financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations, including interest payments.

	Group			
	1 year or less $'000	Between 1 to 5 years $'000	Over 5 years $'000	Total $'000
31 December 2021				
Non-derivative financial assets				
Trade and other receivables	125,474	151	–	125,625
Cash and cash equivalents	64,149	–	–	64,149
Total undiscounted financial assets	189,623	151	–	189,774
Non-derivative financial liabilities				
Payables and accruals (excluding sales tax payables)	97,548	–	–	97,548
Lease liabilities	6,417	11,149	2,762	20,328
Loans and borrowings	37,052	10,725	–	47,777
Total undiscounted financial liabilities	141,017	21,874	2,762	165,653
Total net undiscounted financial assets/(liabilities)	48,606	(21,723)	(2,762)	24,121
31 December 2020				
Non-derivative financial assets				
Trade and other receivables	116,825	145	–	116,970
Cash and cash equivalents	67,558	–	–	67,558
Total undiscounted financial assets	184,383	145	–	184,528
Non-derivative financial liabilities				
Payables and accruals (excluding sales tax payables)	76,173	–	–	76,173
Lease liabilities	4,905	8,773	3,246	16,924
Loans and borrowings	45,795	43,741	–	89,536
Total undiscounted financial liabilities	126,873	52,514	3,246	182,633
Total net undiscounted financial assets/(liabilities)	57,510	(52,369)	(3,246)	1,895

	Company			
	1 year or less $'000	Between 1 to 5 years $'000	Over 5 years $'000	Total $'000
31 December 2021				
Non-derivative financial assets				
Trade and other receivables	43,184	–	–	43,184
Cash and cash equivalents	39,594	–	–	39,594
Total undiscounted financial assets	82,778	–	–	82,778
Non-derivative financial liabilities				
Payables and accruals (excluding sales tax payables)	52,423	–	–	52,423
Total undiscounted financial liabilities	52,423	–	–	52,423
Total net undiscounted financial assets	30,355	–	–	30,355
31 December 2020				
Non-derivative financial assets				
Trade and other receivables	35,310	–	–	35,310
Cash and cash equivalents	38,560	–	–	38,560
Total undiscounted financial assets	73,870	–	–	73,870
Non-derivative financial liabilities				
Payables and accruals (excluding sales tax payables)	33,466	–	–	33,466
Loans and borrowings	20,021	–	–	20,021
Total undiscounted financial liabilities	53,487	–	–	53,487
Total net undiscounted financial assets	20,383	–	–	20,383

35. Capital management

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 and processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using net gearing ratio, which is calculated as net debt (loans and borrowings, including lease liabilities, less cash and cash equivalents) divided by total equity.

	Group	
	2021 $'000	2020 $'000
Net debt	1,850	36,053
Total equity	213,479	203,000
Net gearing ratio	0.01	0.18

The Group is in compliance with all externally imposed capital requirements for the years ended 31 December 2021 and 31 December 2020.

36. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(a) The Concrete and Cement segment relates mainly to supply of cement, granite aggregates, ready-mix concrete, slag and refined petroleum products to the construction industry, with operations in Singapore, Vietnam, Malaysia and Indonesia.

(b) The Trading and Shipping segment relates to trading of raw materials, bulk shipping and agency operations.

(c) Others relate to companies which are of investment holding in nature.

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.

Segments results, assets and liabilities include items directly attributable to a segment.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes To The Financial Statements (continued)

36. Segment information (continued)

(a) **Business segments**

The following tables present revenue and results information regarding the Group's business segments for the years ended 31 December 2021 and 31 December 2020.

	Concrete and Cement $'000	Trading and Shipping $'000	Others $'000	Eliminations $'000	Group $'000
31 December 2021					
Revenue					
External sales	573,466	13,406	–	–	586,872
Inter-segment sales	–	772	–	(772)	–
Total revenue	573,466	14,178	–	(772)	586,872
Results					
Segment results	50,091	639	(7,802)	–	42,928
Interest income	138	–	1	–	139
Depreciation expenses	(22,099)	(2)	(295)	–	(22,396)
Amortisation of intangible assets	(130)	–	(812)	–	(942)
Interest expense	(1,911)	–	(21)	–	(1,932)
Share of results of associate	–	–	5,275	–	5,275
Profit/(loss) before tax	26,089	637	(3,654)	–	23,072
Income tax expense	(3,151)	(115)	(949)	–	(4,215)
Profit/(loss) for the year	22,938	522	(4,603)	–	18,857
Attributable to:					
Equity holders of the Company	23,099	190	(4,603)	–	18,686
Non-controlling interests	(161)	332	–	–	171
	22,938	522	(4,603)	–	18,857
Balance Sheet					
Segment assets	335,248	2,753	47,708	–	385,709
Investment in associate	–	–	4,335	–	4,335
Intangible assets	1,487	–	5,164	–	6,651
Total assets	336,735	2,753	57,207	–	396,695
Segment liabilities	131,814	551	4,227	–	136,592
Loans and borrowings	46,624	–	–	–	46,624
Total liabilities	178,438	551	4,227	–	183,216
Other segment information					
Additions to non-current assets	16,483	2	2,518	–	19,003

	Concrete and Cement $'000	Trading and Shipping $'000	Others $'000	Eliminations $'000	Group $'000
31 December 2020					
Revenue					
External sales	388,111	16,913	–	–	405,024
Inter-segment sales	–	1,785	–	(1,785)	–
Total revenue	388,111	18,698	–	(1,785)	405,024
Results					
Segment results	32,345	932	(5,320)	–	27,957
Interest income	421	–	30	–	451
Depreciation expenses	(22,991)	(2)	(297)	–	(23,290)
Amortisation of intangible assets	(77)	–	(473)	–	(550)
Interest expense	(2,749)	–	(374)	–	(3,123)
Share of results of associate	–	–	289	–	289
Profit/(loss) before tax	6,949	930	(6,145)	–	1,734
Income tax credit/(expense)	134	(98)	(256)	–	(220)
Profit/(loss) for the year	7,083	832	(6,401)	–	1,514
Attributable to:					
Equity holders of the Company	6,960	477	(6,401)	–	1,036
Non-controlling interests	123	355	–	–	478
	7,083	832	(6,401)	–	1,514
Balance Sheet					
Segment assets	342,911	2,706	46,552	–	392,169
Investment in associate	–	–	3,677	–	3,677
Intangible assets	2,900	–	3,567	–	6,467
Total assets	345,811	2,706	53,796	–	402,313
Segment liabilities	108,096	886	2,950	–	111,932
Loans and borrowings	67,434	–	19,947	–	87,381
Total liabilities	175,530	886	22,897	–	199,313
Other segment information					
Additions to non-current assets	8,548	2	1,656	–	10,206

(b) **Geographical information**

Revenue and non-current assets information based on the geographical location of customers and assets respectively for the years ended 31 December 2021 and 31 December 2020 are as follows:

	Revenue		Non-current assets	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Singapore	**782,270**	496,716	**107,738**	109,955
Others	**63,165**	79,505	**70,844**	75,604
Eliminations	**(258,563)**	(171,197)	**–**	–
Total	**586,872**	405,024	**178,582**	185,559

Non-current assets presented above comprise property, plant and equipment, intangible assets, investment in associate, other investment, other receivables and deferred tax assets as presented in the consolidated balance sheet.

Notes To The Financial Statements (continued)

37. Dividends

	Group and Company 2021 $'000	2020 $'000
Declared and paid during the year		
Dividends on ordinary shares:		
Final exempt (one-tier) dividend for year ended 2020: 0.80 cents (2019: 1.10 cents) per share	**5,614**	7,715
Interim exempt (one-tier) dividend for year ended 2021: 0.50 cents (2020: Nil) per share	**3,509**	–
	9,123	7,715
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
Final exempt (one-tier) dividend for year ended 2021: 1.10 cents (2020: 0.80 cents) per share	**7,700**	5,614
Dividend per share (in cents)	**1.60**	0.80

38. Authorisation of financial statements

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 25 March 2022.

Statistics Of Shareholdings

As at 25 March 2022

Class of Shares - Ordinary shares fully paid with equal voting rights*

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	17	0.16	622	-
100 - 1,000	2,997	28.82	2,905,725	0.42
1,001 - 10,000	5,453	52.43	23,812,563	3.41
10,001 - 1,000,000	1,908	18.34	97,022,163	13.89
1,000,001 and above	26	0.25	574,715,252	82.28
	10,401	100.00	698,456,325	100.00

	No. of shares in which shareholder has an interest			
Substantial shareholders	**Direct Interest**	%**	**Deemed Interest**	%**
1. Ng Han Whatt	6,750,000	0.97	420,700,037	60.23
2. Patrick Ng Bee Soon	34,962,037	5.01	-	-
3. Ng Bee Bee	-	-	408,375,002	58.47
4. Jane Kimberly Ng Bee Kiok	-	-	408,809,502	58.53

Notes

The deemed interests of Mr Ng Han Whatt, Ms Ng Bee Bee and Ms Jane Kimberly Ng Bee Kiok include their shareholdings held as joint shareholders and the full shareholdings of BOS Trustee Limited held in nominees.

Based on information available to the Company as at 25 March 2022, approximately 25.46% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

Twenty Largest Shareholders	No. of shares	%**
1. Citibank Nominees Singapore Pte Ltd	211,428,675	30.27
2. Ng Han Whatt, Jane Kimberly Ng Bee Kiok and Ng Bee Bee	191,250,000	27.38
3. Phillip Securities Pte Ltd	47,057,455	6.74
4. DBS Nominees (Private) Limited	37,947,389	5.43
5. Patrick Ng Bee Soon	34,962,037	5.01
6. BNP Paribas Nominees Singapore Pte Ltd	7,344,748	1.05
7. Ng Han Whatt	6,750,000	0.97
8. HSBC (Singapore) Nominees Pte Ltd	3,099,599	0.44
9. UOB Kay Hian Private Limited	3,049,225	0.44
10. Chan Wai Mun	2,925,600	0.42
11. OCBC Securities Private Limited	2,620,200	0.37
12. Lee Cheong Seng	2,500,000	0.36
13. OCBC Nominees Singapore Private Limited	2,417,805	0.35
14. United Overseas Bank Nominees (Private) Limited	2,373,110	0.34
15. Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,335,965	0.33
16. Ch'ng Jit Koon	1,960,000	0.28
17. Lee Boon Wah	1,940,000	0.28
18. Phua Bah Lee	1,831,250	0.26
19. Cheng Heng Seng	1,737,500	0.25
20. Tan Wai See	1,589,500	0.23
	567,120,058	81.20

* Ordinary shares purchased and held as treasury shares by the Company will have no voting rights. As at 25 March 2022, the Company has 3,539,500 shares held as treasury shares and this represents approximately 0.51% against the total number of issued shares excluding treasury shares as at that date. The Company has no subsidiary holdings.

** The percentage is calculated based on the number of issued ordinary shares of the Company as at 25 March 2022, excluding 3,539,500 shares held as treasury shares as at that date.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting of Pan-United Corporation Ltd. (Company) will be convened and held by way of electronic means on Friday, 22 April 2022 at 2.30 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021, together with the Auditor's Report thereon. **Resolution 1**

2. To declare a final dividend of $0.011 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2021. **Resolution 2**

3. To re-elect the following directors who will retire by rotation in accordance with Regulation 89 of the Constitution of the Company and who, being eligible, have offered themselves for re-election.
   3.1 Ms Ng Bee Bee **Resolution 3**
   3.2 Mr Soh Ee Beng **Resolution 4**
   [See Explanatory Note 1]

4. To approve the payment of directors' fees of $340,000 for the financial year ending 31 December 2022 (2021: $257,500). **Resolution 5**

5. To re-appoint Ernst & Young LLP as the auditor of the Company for the financial year ending 31 December 2022 and to authorise the directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

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

6. Authority To Issue Shares **Resolution 7**
   "That authority be and is hereby given, pursuant to Section 161 of the Singapore Companies Act 1967 (the Companies Act) and Rule 806 of the listing manual (the Listing Manual) of Singapore Exchange Securities Trading Limited (the SGX-ST), to the directors of the Company to:

   a i issue shares in the capital of the Company (Shares) whether by way of rights, bonus, or otherwise; and/or

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

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

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

   provided that:

   A the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of any Instruments made or granted pursuant to this Resolution) does not exceed 50 per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph B below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of any Instruments made or granted pursuant to this Resolution) does not exceed 10 per centum (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph B below);

   B (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph A above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

   i new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards; and

   ii any subsequent bonus issue, consolidation or subdivision of Shares;

   provided that adjustments in accordance with i and ii above are only made in respect of new shares arising from convertible securities, share options, or share awards which were issued and outstanding or subsisting at the time this Resolution is passed.

   C in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being; and

   D (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company (Annual General Meeting) or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier."

   [See Explanatory Note 2]

7. Renewal Of Share Buyback Mandate **Resolution 8**
   "That:

   a for the purposes of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

   i market purchase(s) (each a Market Purchase) on the SGX-ST; and/or

   ii off-market purchase(s) (each an Off-Market Purchase) in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company, as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

   and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the Share Buyback Mandate);

   b the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

   i the date on which the next Annual General Meeting is held or required by law to be held;

   ii the date on which the share buybacks by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

   iii the date on which the authority contained in the Share Buyback Mandate is revoked or varied by the Company in a general meeting;

   c in this Resolution:

   "Average Closing Market Price" means the average of the closing market prices of a Share over the last five (5) Trading Days on which transactions in the Shares were recorded, preceding the day of the Market Purchase (which is deemed to be adjusted for any corporate action that occurs during such five (5)-Trading Day period and the day on which the Market Purchase was made);

   "day of making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

   "Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Trading Day on which there were trades in the Shares immediately preceding the day of making of the offer pursuant to the Off-Market Purchase;

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding,

i in the case of a Market Purchase, 105 per centum (105%) of the Average Closing Market Price; and

ii in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per centum (120%) of the Highest Last Dealt Price;

"Maximum Limit" means that number of issued Shares representing 10 per centum (10%) of the total number of issued Shares in the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

"Trading Day" means a day on which the Shares are traded on the SGX-ST; and

d the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

[See Explanatory Note 3]

8. Adoption Of PUC Share Plan **Resolution 9**

"That:

a a new share incentive scheme to be known as the "PUC Share Plan" (Plan 2022), under which awards (Awards) of fully-paid Shares, their equivalent cash value or combinations thereof, will be granted, free of charge, to eligible participants under the Plan 2022, summary details of which are set out in the letter to Shareholders dated 6 April 2022 issued together with this Notice, be and is hereby approved and adopted with effect from the date of the passing of this Resolution;

b the Directors be and are hereby authorised:

i to establish and administer the Plan 2022; and

ii to modify and/or alter the Plan 2022 at any time and from time to time, provided that such modifications and/or alterations are effected in accordance with the provisions of the Plan 2022, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the Plan 2022; and

c the Directors be and are hereby authorised to grant Awards in accordance with the provisions of the Plan 2022 and to issue and/or transfer from time to time such number of fully paid-up Shares as may be required to be issued and/or transferred pursuant to the vesting of Awards under the Plan 2022, provided that the total number of Shares which may be allotted and issued and/or delivered pursuant to Awards granted under the Plan 2022 on any date, when added to the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered in respect of:

i all Awards granted under the Plan 2022; and

ii all Shares, options or awards granted under any other share scheme of the Company then in force (if any),

shall not exceed 15 per centum (15%) (or such other lower limits as the SGX-ST may determine from time to time) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant Award.

[See Explanatory Note 4]

ANY OTHER BUSINESS

9. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Kevin Cho
Company Secretary

Singapore
6 April 2022

Explanatory Notes

1. The Board of Directors, in consultation with the Nominating Committee, recommend to members the re-election of Ms Ng Bee Bee and Mr Soh Ee Beng as directors of the Company.

   Regulation 89 of the Constitution provides that every director shall retire from office at least once every three (3) years. A retiring director shall be eligible for re-election.

   Ms Ng Bee Bee (Director & Chief Executive Officer) has consented to her re-election as a director of the Company. If re-elected, she will remain as a member of the Executive Committee.

   Mr Soh Ee Beng (Independent Director) has consented to his re-election as a director of the Company. If re-elected, he will remain as Chairman of the Audit Committee, a member of the Remuneration Committee and Nominating Committee. Mr Soh is considered independent for the purposes of Rule 704(8) of the Listing Manual.

   Detailed information of Ms Ng Bee Bee and Mr Soh Ee Beng can be found under the "Board of Directors" and "The information required under Rule 720(6) and Appendix 7.4.1 of the SGX-ST Listing Manual in respect of directors seeking re-election at the coming Annual General Meeting" in the Report on Corporate Governance in the Company's Annual Report 2021.

2. Resolution 7, if passed, will empower the directors of the Company, from the date of the passing of Resolution 7 to the date of the next Annual General Meeting to issue Shares and/or to make or grant Instruments that might require Shares to be issued, and to issue Shares in pursuance of such Instruments, up to a limit of 50 per centum (50%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings, with a sub-limit of 10 per centum (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) for issues made other than on a pro rata basis to shareholders, calculated as described in Resolution 7.

   Although the Constitution and the Listing Manual enable the Company to seek a mandate to permit its directors to issue Shares up to a limit of 50 per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) if made on a pro rata basis to shareholders, and up to a sub-limit of 20 per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) for issues made other than on a pro rata basis to shareholders, the Company is nonetheless only seeking a sub-limit of 10 per centum (10%) for issues made other than on a pro rata basis to shareholders. The directors believe that the lower limit sought for the issuance of Shares made other than on a pro rata basis to shareholders is adequate for the time being as it sufficiently addresses the Company's present need to maintain flexibility while taking into account shareholders' concerns against dilution. The directors will review this limit annually.

3. Resolution 8, if passed, is to renew the Share Buyback Mandate that will empower the directors of the Company to exercise all powers of the Company to purchase or otherwise acquire issued and fully paid ordinary Shares on the terms and subject to the conditions of Resolution 8. Please refer to the letter to Shareholders dated 6 April 2022 (Letter) for details.

4. Resolution 9, if passed, will adopt the proposed Plan 2022 in the manner as set out in Letter. The Company wishes to adopt the Plan 2022, subject to, and upon, approval of shareholders being obtained for the Plan 2022 at this AGM. The rationale for the adoption of the Plan 2022, details of and a summary of the principal rules of the Plan 2022 are set out in the said Letter.

RECORD AND PAYMENT DATES FOR FINAL DIVIDEND. The Share Transfer Books and Register of Members of the Company will be closed on 4 May 2022 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632 by 5.00 p.m. on 4 May 2022 will be registered before entitlements to the proposed final dividend are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 4 May 2022 will be entitled to the proposed final dividend. The final dividend, if approved at the forthcoming Annual General Meeting, will be paid on 13 May 2022.

Notes

(a) The Annual General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements or Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on SGXNet and the Company's website at the URL https://panunited.listedcompany.com/home.html#agm and also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements.

(b) Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (in particular, arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Company in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 6 April 2022. This announcement may be accessed at the Company's website at the URL https://panunited.listedcompany.com/home.html#agm, and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements.

(c) As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at the URL https://panunited.listedcompany.com/home.html#agm, and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements.

    Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a Resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as a proxy for that Resolution will be treated as invalid.

    CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 11 April 2022.

(d) The Chairman of the Meeting, as proxy, need not be a member of the Company.

(e) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

    (i) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or

    (ii) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at srs.teamd@boardroomlimited.com,

    in either case, not less than 72 hours before the time appointed for the Annual General Meeting.

    A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

    In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

(f) The Annual Report 2021 may be accessed at the Company's website at the URL https://panunited.listedcompany.com/home.html#annualReport.

Personal data privacy

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Pan-United Corporation Ltd
(Company Registration No. 199106524G)

7 Temasek Boulevard
#16-01 Suntec Tower One
Singapore 038987

Tel: 6305 7373 Fax: 6305 7345
Email: info@panunited.com.sg

www.panunited.com.sg